

DOCUMENT RESUME

ED 218 009

PS 012 930

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 TITLE Designing a Feasibility Study: A Starting Point for Considering New Management Initiatives for Working Parents.  
 PUB DATE Apr 81  
 NOTE 10p.; Paper presented at the Conference on "New Management Initiatives for Working Parents" (Boston, MA, April 2-3, 1981).  
 EDRS PRICE MF01/PC01 Plus Postage.  
 DESCRIPTORS Costs; Data Collection; Early Childhood Education; \*Employer Supported Day Care; \*Feasibility Studies; \*Needs Assessment; \*Research Design; \*Research Problems

ABSTRACT

This brief paper was prepared as a starting point for employers considering the adoption of a new management initiative for working parents. It is not an exhaustive outline of all considerations in the decision-making process, nor does it provide solutions to all the known pitfalls. It does, however, suggest the potential scope and complexity of the issues and the limitations of traditional data collection mechanisms, such as questionnaires and cost-benefit analyses. The thoughts presented are based on the experiences of those who have already researched, designed, and implemented management initiatives for working parents. Information has also been gleaned from national surveys of working parents and from child care consumers. The four basic components of a feasibility study for assessing the impact of employer involvement in child care are (1) a review of management problems which the employer hopes to ameliorate, (2) an assessment of employee's child care needs and the extent to which management problems are affected by child care concerns, (3) identification of community resources and their ability to meet the needs of working parents, and (4) analysis of costs and effects of the options that could meet employees' needs and solve management problems. Guidelines for conducting activities related to each of these four components are offered, and resources that can be used in conducting a feasibility study are discussed. (RH)

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DESIGNING A FEASIBILITY STUDY:  
A STARTING POINT FOR CONSIDERING  
NEW MANAGEMENT INITIATIVES FOR WORKING PARENTS

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for the conference on "New Management Initiatives for Working Parents"

APRIL 2-3, 1981

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This paper was prepared as a starting point for employers considering the adoption of a new management initiative for working parents. It is not an exhaustive outline of all considerations in the decision-making process, nor does it provide solutions to all the known pitfalls. It does, however, suggest the potential scope and complexity of the issues and the limitations of traditional data collection mechanisms, such as questionnaires and cost-benefit analyses. It should be considered a beginning road map for a trip not taken by many to date. The thoughts presented are based on the experiences of those who have made the journey and have already researched, designed and implemented management initiatives for working parents. Information has also been gleaned from national surveys of working parents and child care consumers.

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## COMPONENTS OF A FEASIBILITY STUDY

There are a variety of reasons why an employer might consider adapting its personnel policies, employee benefits or work conditions to meet the needs of working parents. A management problem may exist, such as high turnover or absenteeism, and it is assumed that part of the problem is attributable to the employees' family concerns. Employers may need to compete in the recruitment of new employees of a type in short supply. Management may also have a high regard for corporate social responsibility and may consciously alter management practices to improve the quality of work life. Finally, the external environment, including unions, government regulations or the courts, may pressure the employer to change, as in the case of affirmative action. Policies might have to be changed in order to attract certain categories of employees.

Regardless of where the interest originates -- board of directors, middle management, employees, external environment -- the process remains the same for determining the most cost-efficient and appropriate management initiative that will reduce family-work conflict while increasing productivity. Such a process would involve the following:

1. A review of management problems which the employer hopes to ameliorate, e.g., turnover, absenteeism, low productivity, and their probable causes.
2. An assessment of employees' child care needs and the extent to which management problems are affected by child care concerns.
3. Identification of community resources and their ability to meet the needs of working parents.
4. Analysis of costs and effects of the options that could meet employees' needs and solve management problems.

Some of the considerations involved in these four components of a feasibility study, follow: Of course implementation and outcomes will differ widely among companies, industries and communities.

### 1. Review of Management Problems

The first step in the feasibility study is to be clear about problems and their causes. Is a management initiative that solves employees' family problems also capable of solving the employer's management problems?

A view of this occurs within hospitals, which, as an industry group, are the most frequent providers of on-site child care centers. There currently is a nationwide nursing shortage. This is due to an increased demand for nurses and to a declining supply of nurses -- not so much the result of inadequate numbers of trained nurses but rather the number of trained nurses who are unemployed, inactive or who prefer working in other medical settings. Surveys indicate that lack of respect, low wages, odd-hour shifts, little time in direct patient care and few psychological rewards are the primary sources of dissatisfaction among nurses. However, surveys of inactive nurses indicate that their reasons for not seeking employment overwhelmingly reflect family needs (64 percent of respondents). One study found that the prerequisites for returning to nursing were (1) choice of working hours (34.5 percent); (2) refresher training (32.6 percent); and (3) child care facilities (28.4 percent). Thus the degree to which provision of child care assistance can reduce turnover is somewhat limited by the complex range of causes for this management problem.

This analysis also suggests that surveys of current employees may not be adequate in determining the extent to which management problems are family-related. Exit interviews and surveys of former employees may be more revealing. If recruitment is a problem, opinions of those the company hopes to attract cannot be found within the organization.

The desirability and feasibility of solving the problem must also be determined. Some industries experience and accept high rates of turnover, as in the examples of banking where tellers are generally a transient group. In some cases, adjustments can be made in order to tolerate the turnover rates, or efforts can be made to change characteristics of the teller work force. This decision might mean targeted recruitment of a more stable work force, such as family-rooted young mothers who might come to work if part-time jobs or child-care benefits were available.

Finally, to the extent that the identified management problem is found to be caused by family-work conflicts, the employer must decide how involved to get in the particular family problem identified. Some companies believe that it is an invasion of privacy to address family problems at the workplace, that a company should focus its energies on its primary mission, or that personnel benefits undermine profit maximization. Others believe that it is necessary to create an environment in which profit can thrive, and that attention to working conditions and family concerns will ultimately aid in maximizing profits.

In reviewing management problems, two other considerations should be borne in mind:

- a) Management policy may differ from management practice, so that formal policy review (manuals, documents, etc.) will not suffice.

- b) Opinions about practice and policy may differ within the management hierarchy. Although the Chairman of the Board upholds a certain set of beliefs regarding these issues, they may not be effectively communicated to lower levels of management. The supervisors of employees on a day-to-day basis may implement policies very different from those promulgated by upper management. It thus becomes advisable to study practice and policy at all levels of management.

The next step involves the employees in further defining the points of family-work conflict, and in the process of developing solutions.

## 2. Assessment of Employee Child Care Needs

There are many reasons for seeking information directly from employees and a variety of mechanisms for collecting data. It is often assumed that management would know about a problem faced by many employees. However, this is most likely true for employees at higher salary levels and in demand by virtue of their scarcity or special skills. Lower wage earning workers may be more reticent to express personal concerns to supervisors. As described earlier, there are sometimes reasons why current employees may not be the best sources of needed data.

- Limitations

The most frequently used format for data collection is the questionnaire. National consumer surveys, statewide needs assessments and company questionnaires have shown that there are limitations to using this tool in decision-making and the importance of careful design. In considering the establishment of a work-site child care center, a questionnaire will not accurately predict the number of employees who will actually use a new service, nor can it define the fees they are willing to pay. The basic reason is that it is difficult to make a market survey of a non-existent product. Choosing the appropriate care for one's child is often difficult; and parents are often reluctant to place their child in a program they have never seen. As for fees, numerous surveys indicate that parents can afford roughly no more than 10 percent of their family income for child care. If you know family incomes of employees, you need not ask in a survey how much they are willing to pay.

It is crucial not to confuse "need," "current use," and "preference." What parents say they need, eventually use and actually prefer may be very different. Questions must be asked that consider all three aspects of the potential demand for child care. Current use must include all arrangements for every child, since families use many forms of care in their construction of a package of



child care.

Another indicator of possible usage would be the level of satisfaction with current arrangements. However, studies have shown that you cannot identify satisfaction and dissatisfaction with complete accuracy by simply asking. Parents usually express satisfaction with their current arrangements.

Also, needs change as families change -- as they move, as parents get promoted on the job, as children get older. In the time between planning and implementation of a new management initiative, parent needs and preferences may have changed. Asking questions about expected changes may be of limited use, but may reflect trends or patterns.

• Uses

a) Specific data

The needs assessment can provide useful data on (three things: (1) the availability of relatives that might indicate less use of formal child care arrangements; (2) transportation issues (method of transportation and proximity to work) which have been found to be good indicators of utilization; and (3) some productivity issues, such as the extent to which employees believe their absenteeism, tardiness, job changes, career advancement or stress on the job is due to family concerns.

There are two other uses of a survey instrument besides data gathering:

- (1) Employee relations - A company may want to let its employees know that it is sensitive to these issues. This effort may address union concerns or recent employee demands. On the other hand, the survey might raise expectations and present political problems when and if it is decided that the company is unable to provide solutions to identified problems.
- (2) Employee participation - There is likely to be greater interest in and cooperation with a management initiative that involves the population it intends to serve. If new initiatives are not forthcoming immediately, a more open process may foster understanding among employees as to why this is the case. This involvement would solve the earlier problem of raising expectations. An open policy is more likely to be respected.

Finally, the needs assessment, if not focused solely on the possibility of an on-site center, may reveal a range of family problems that could be resolved in other ways. Perhaps most parents are pleased with their current child care arrangements,



but have difficulty affording the increasing tuition rates. Others may need information to guide them in selecting caregivers, or counseling for reducing stress. Still others may just need a rearranged time schedule where flextime or part-time work would suffice. With an openness to the range of problems caused by the dual responsibilities of home and work, the needs assessment instrument may yield better information for use in decision-making.

- Format

Another decision that must be made is whether the questionnaires are to be anonymous or signed. There is a greater completion rate with anonymity and some questions can be asked only anonymously, such as questions about family income or personal stress. On the other hand, anonymity sacrifices the ability to go back to the individual to clarify certain remarks or to follow-up among those who express strong interest.

Also to be decided is whether all employees, even those without children, should be surveyed. A question of interest might pertain to issues of equity for those unable to use the benefit. The employer might also choose not to raise this issue.

- Alternatives to questionnaires

There are other ways to collect data about the needs of working parents. This requires taking an incremental approach to services that help in solving the child care needs of employees. Perhaps family-work conflicts are sensed within the company, but there is concern about raising expectations with a survey. There may also be interest in providing more immediate relief to employees than survey research would allow. One solution would be to implement a series of noon-time, parent education seminars, where employees come and talk about their family concerns with community experts.

One can learn a great deal through face to face interviewing, either in group settings such as occurs in noon-time seminars or on an individual bases, such as occurs through an employee assistance program with an information and referral capability. In these instances, employees express their concerns to a person knowledgeable about such issues. This process can address the immediate concerns of the working parent while generating information about their needs and interests. Data from these services can be compiled and reported for purposes of decision-making.

The ability to engage in these activities obviously depends on the urgency of the situation and whether such activities would meet enough needs to begin solving some of the management problems that exist as a result of those unmet needs.

### 3. Identification of Community Resources

Except in cases where new benefits are provided as a competitive recruitment edge and it is important for the firm to have visible sponsorship of the program, it would be advisable to review existing community services to see where points of cooperation might be arranged or where gaps exist. It may be cost-inefficient to duplicate services. You may also check the availability, affordability, and quality of community child care against what your employees are reporting. If there is ample day care at a prevailing rate of \$75 per week and employees continually mention the cost of child care as a problem, there is an obvious possible route to take, i.e., child care allowances where the employer helps employees defray a portion of the cost of care. If plenty of affordable child care is available and parents say they cannot find it, it may be because they lack appropriate information or because they do not find the quality acceptable. Here the appropriate responses might be information services to parents, or assistance to providers to improve quality.

The licensing department of the state, local information and referral services or organizations with day care memberships may provide useful listings of programs to investigate. You may find that local day care centers create problems for working parents because their hours are inconvenient. Possible responses would include flextime or perhaps paying a child care program to open a few hours early or close a few hours later to accommodate employees.

Finally, a review of community resources will also indicate where it is necessary for the employer to assume primary responsibility for solving its employees' problems; or where there exist opportunities for corporate-community partnerships in meeting those needs.

### 4. Analysis of Costs and Effects

The true cost of providing child care assistance cannot be measured only by examining the actual program costs. It must be considered in light of expected increases in productivity and anticipated tax consequences. The company may receive tax advantages through amortization of building space or tax deductible contributions, among others. (An excellent review of tax consequences appears in the Commerce Clearing House publication included in your conference packet.)

Furthermore, the expected reduction in management problems and increase in productivity may offset the costs considerably. You should be able to arrive at some estimate that equates the per employee cost outlay versus the cost of retaining one employee for one day or the savings in retraining lost productivity, etc.



The significance of this analysis is that the cost of losing and replacing one employee may be so great that the cost of providing a benefit which prevents their leaving pales by comparison. When one hears that only 150 employees out of 20,000 use a child care benefit, for instance, it is assumed that overall productivity has not been significantly affected by the benefit. However, in actual administrative costs, there could be considerable savings, if the cost of losing these employees were greater than the cost of providing a benefit that retains them. Other companies may feel that the fact that 150 employees' lives can be made more pleasant is sufficient to warrant the adoption of the suggested program.

A final note is that costs cannot be measured without some prediction of the expected utilization of the benefit by eligible employees. As mentioned earlier, survey questionnaires will not produce such a utilization predictor.

RESOURCES FOR CONDUCTING A FEASIBILITY STUDY

The feasibility study involves the identification and analysis of management options. The company must also engage in a process of decision-making and finally, implementation. At each step in the process, a decision must be made as to whether in-house capability exists or whether outside assistance is required. It is always advisable to contact other businesses that have conducted such studies and benefit from that which has already been tried.

1. Management Review - If the lack of time or expertise prevents the firm from conducting this part of the study, it is recommended that you rely on management consultants or those knowledgeable about organizational development. The ideal would be to find someone familiar with management styles and their impact on the worker and his or her other responsibilities.
2. Needs Assessment - If there is a sizeable employee population, it may be too costly or unwieldy to survey all employees. Sophisticated sampling techniques are called for; it is important to be sure that those included in the study are a representative sample of the total population. The number of employees surveyed will also determine the need for and cost of computer analysis. There is no need to consider fancy programming, but those doing the study should have access to a standard program that gives frequencies and cross-tabulations.
3. Community Resources - Outside assistance will be indispensable here. Current providers of service, leaders in local coordinating or information and referral agencies, government personnel or knowledgeable consultants can be helpful.
4. Costs and Effects - The costs of low productivity or turnover and recruitment problems can be determined in-house, with assistance from other firms in the industry or from trade

associations., The net cost to the employer of providing a benefit or service may be estimated by benefit specialists and tax experts, along with those familiar with actual costs of the program. Do not forget that the company may not have to bear the full cost of the actual program if sufficient community services exist which the company decides to supplement rather than provide on its own.

5. Implementation - Once the company has made a decision that it wants to pursue a specific option, then appropriate consultation to that option will be useful. For example, if information and referral is to be provided within the personnel department, a specialist in that area can help. If work-site child care is needed, a consultant for start-up would be helpful. Since consultants are plentiful, companies should select a source of expertise in day care management, not classroom teaching.