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Do Work Benefits Affect Employee Morale?

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Do Work Benefits Affect Employee Morale?

Prepared for: Employers seeking to improve the morale of employees

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Abstract

In the past, supermarkets owned by Schnucks have had impressive benefit packages. Many of the workers in these stores employ a union, but the company has extended those benefits to the non-union stores as well. While it is true that Schnucks did this in an attempt to keep those non-union stores from retaining a union, it has recently decided to scale down many of the major benefits of their non-union stores. The opinion of the workers at the stores in the Champaign-Urbana area is that their morale has been greatly affected by this decision to cut those benefits.

Keywords: union, non-union, benefits, morale, wages, raises, employee, employer, bonus.

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Introduction

With the economy declining, and companies seeking to save money, many employers are cutting benefit packages in an attempt to meet the bottom line. Schnucks is one such company. They originated in 1939 in St. Louis, MO with one small store and have expanded the business over the years to include stores in six other states (Schnucks). Schnucks is a privately owned company with over 15,000 employees in more than one hundred stores (Schnucks). They have been steadily cutting worker benefits for over three years now and many of their employees are unhappy. Some employees have recently contacted a union in hopes of regaining some of their lost benefits. Currently, workers do present a happy and helpful face to customers, but many of the workers are not happy to be working there and the loss of benefits is the cause of the decline in the morale of Schnucks employees.

Research Goals and Methods

To research this claim, I conducted a survey of fifty-four people currently employed by Schnucks and who have been working there for at least five years. I asked the workers to rate how they felt about their: health benefits, financial benefits, paid time off, additional benefits, the benefit package overall, and their morale. I asked them to rate how they felt five years ago and how they feel now. I then requested they include whether they felt they were more satisfied with their benefits now or five years ago. Furthermore, I inquired if they felt there were any differences, during that time span, in the benefits, and if this has affected their morale. I originally thought I would be able to put the survey in the break-rooms of the Savoy and the Champaign Schnucks, but while both store managers agreed to this, the corporate office denied permission. I then had to ask those who had been employed at a Schnucks for at least five years. Some of the surveys were distributed by a friend at a union meeting, some I telephoned and some were conducted in person when they exited the store.

Discussion

Background of Schnucks employee benefits

In the year 2000, full-time Schnucks employees earned what was considered regionally high wages for the type of work in which they did. Said pay was increased annually to correlate with the cost of living. Workers also received medical and dental insurance for themselves and for their families. These highly competitive insurances were offered at no cost to the employees. Life and vision insurance was offered at reasonable rates as well. In addition, Schnucks also provided a pension plan. Moreover, profit-sharing checks were distributed annually just prior to

Christmas; making the holiday a joy to all their employees. Plus, all workers, regardless of length or terms of employment, were given a ten dollar Schnucks gift card.

The benefits of the part-time employee were similar to those of the full-time in that the pay scale and the retirement plan were basically the same for both groups. Differences included medical/dental insurances for the worker only, rather than the entire family. If the average of the part-time hours was low enough, medical/dental insurance was limited, but was still a great asset. Additionally, though the amount of each profit-sharing check was dependent on points such as amount of hours worked, even those averaging the least amount of hours enjoyed the benefit of receiving the extra cash.

In 2007, the corporate heads of Schnucks decided to formulate the profit-sharing to be contingent upon a friendliness-survey rating. Management maintains that this was done in order to at least make it possible for employees to continue receiving checks. Due to the discontinuance of the checks, employees feel this was merely a way for the company to eliminate the program, while not being held responsible for the action.

The delicate balance between administration and labor was again tilted in 2008, when employees were required to pay for their medical/ dental insurance. Though the fee was nominal, it did not bode well for the morale of the workers. Employees were assured this was the only way for Schnucks to continue to provide the service, but workers were still angered by the change.

Since the year 2000, the average cost of living increased dramatically in the Champaign-Urbana area (Franklin); raises at Schnucks, however, did not. Schnucks maintained the same twenty-five cent annual raise for all employees that they had previously awarded, regardless of merit. While those at the management level seem to consider this increase was more than adequate, many workers feel cheated. The minimum wage in Illinois in 2007 was \$6.50, it then escalated to \$8.25 in 2010 (United) for an increase of \$1.75; while those earning above minimum wage gained only \$1.00 for the same time period.

Finally, in 2010, Schnucks announced that it would reduce the pension multiplier from the current \$40.00 to \$35.00 (Kasper). Labor Relations representative, Larry Hunt, asserts this was an unfortunate consequence of the continued stock market plunge (Hunt). Conversely, employees felt this was unwarranted as the company claims, in a manager's meeting, that they are in the best financial condition in which they have ever been (Kasper).

As a result of these circumstances, many Schnucks employees have recently contacted a union to explore possible representation. About sixty-five percent of all Schnucks owned stores are already union with more on the way. Some workers feel this is their only chance to "catch up" to the cost-of-living increases of late (Kasper).

The Survey

The survey consisted of twenty-two questions, grouped into six categories. All questions, except those explicitly pertaining to morale, were worded as "I am satisfied with ...". The first seven questions dealt with health benefits. The next four inquiries dealt with financial benefits and after that there were two about the employee's paid time off. Additionally, there were three queries concerning additional benefits, such as tuition reimbursement. Subsequently, four questions with regard to the overall benefit package and how well the employee felt they understood the benefit package or if they knew how to get the information they needed. Lastly, the participants were asked if they were more satisfied five years ago and if they felt their morale had been affected by any of the changes in the benefits. Contributors were asked to use a blue pen for the answers of how they felt five years ago and a red pen for how they now feel.

Profit-Sharing

The survey indicated that 10 out of 54 people strongly agreed with the profit-sharing five years ago. The bonus was merely agreed with by twenty-four, while seven were in disagreement, leaving thirteen who responded they were neutral.

Now, however, 52 out of the base 54 either disagreed or strongly disagreed with the way Schnucks has handled the profit-sharing. Two participants were either neutral or in agreement with Schnucks on this issue. Comments on the profit-sharing topic were negative and included one such remark by an anonymous Schnucks team member "I think they are just trying to take it away without us being able to blame them, but we do anyway" (Franklin.)

Medical/Dental Insurance

All of the fifty-four Schnucks employees surveyed specified that five years ago they either agreed or strongly agreed with their medical/dental coverage. Comments indicate that since this benefit was free to them it would be hard to feel negatively about it regardless of the extent of coverage (Franklin.)

Again, all of the fifty-four signified they disagree or strongly disagree with the medical/dental benefits now offered. The deductible for the medical was increased to \$300.00 per person, up from \$200.00 and the cost is now \$4.00/week for an individual and \$12.00/week for family coverage.

Salary

Of the base 54, forty-six denoted five years ago, they either agreed in some form or were neutral about their salary. Annual raises were given and the average employee earned slightly above the standard amount for comparable positions elsewhere in the area. Schnucks employed an adequate amount of workers to perform each job so that each employee could work at a pace that was comfortable (Franklin.) Only eight disagreed with this view.

Now, 53 of the 54 indicated that they are now in disagreement with their wages. Annual raises of twenty-five cents per hour that were once sufficient are now highly inadequate as the cost of living has increased greatly. Moreover, each department has fewer employees to do the same amount of labor, causing workers to operate at an increased pace; demanding more work for the same wage. This increased pace has led to several injuries, both of an instant nature and those of duration (Franklin.) Survey comments included "(Schnucks) not keeping up with the cost of living" (Franklin) and "A quarter a year?! Come on, my power bill nearly doubled and my water bill has tripled!" (Franklin.)

Retirement plan

Previously, the pension plan was considered agreeable by 52 out of 54. Every few years the multiplier would increase and the retirement plan would be something that could sustain one after leaving the work force. According to the survey, only two were either neutral or in disagreement with the arrangement.

Oddly enough, 52 out of 54 designated that they now disagree or strongly disagree with their pension plan. Recently the multiplier was decreased rather than increased and employees are discontented. One worker was quoted "Who could live on what they got now, this is a joke!" (Franklin.) Only one now agrees with the way the plan is structured. When asked why they were only a little less satisfied now the reply was "We still have one at least. A lot of people don't even have pensions anymore" (Franklin.)

Paid Time Off

This section consisted of approval of vacation time, personal days and sick days. Schnucks employees receive two personal days per year and one week vacation for the first three years. After which, they get two weeks for having completed four to eight years of service. They then are given three weeks and so on, up to four weeks. Once again most, 52 out of 54, agreed in some form or were neutral on this subject five years ago; with only two in disagreement.

Now however, there are twenty-eight in discord and a mere seven in agreement. When asked what had changed with this category to make it so disputed, an anonymous contributor responded “We used to get our birthday off too” (Franklin.)

Additional Benefits

Schnucks does also offer tuition reimbursement for classes taken that pertain to one’s job. The policy requires the individual to maintain a grade of at least a “c” and offers a bonus for a higher score. This section of the survey also included a rating for continuing education and training opportunities. Responses resulted with 35 of the 54 being neutral, with nine who were satisfied and ten dissatisfied. No comments were offered on this particular segment nor were any questions asked.

Benefits Overall

Most of the team members surveyed, 53 of the 54, indicated that five years ago they agreed, strongly agreed or were neutral when asked about how they felt overall about their benefits at Schnucks. The majority, an average of fifty, felt they understood their benefits and either knew where to find out about them or who to contact to do so if they had questions. Few, with a mean of four, signified they were previously unhappy with the benefits overall or did not know where to find information pertaining to them.

Now, however, most employees, fifty, denoted a disagreement with their benefit options as a whole. Of the base fifty-four, fifty-one designated that they did understand the benefits, but that if they had questions, thirty-nine of them were unsure where to find answers. The only comment on this issue was “No secretary, I have no idea who to ask about it” (Franklin.)

Morale

Nearly all, 53 of the 54, stated that they were more satisfied with their jobs at Schnucks five years ago than they are today. Only one was neutral on the subject and no one felt more satisfied now, rather than five years ago.

By and large, most, 42 out of 54, felt this dissatisfaction was affecting their morale at work. Comments included “This job sucks now!” (Franklin) and “Schnucks doesn’t do nothing for me, why should I work my (butt) off for them?” (Franklin.)

Comments

At the end of the survey, there was a place provided for comments. No one offered any. All comments stated in this report were responses to specific questions asked by persons conducting this survey.

Questions that perhaps should have been asked:

- 1.) Do you know what others in your field earn?
- 2.) What exactly did you lose?

Biases

Two possible biases for this survey are, one, the fact that Schnucks would not allow the survey to be conducted in the break-room of the store. The study was then carried out at a union meeting for the Schnucks employees and other various locations. Workers at such a meeting would then be the ones who are unsatisfied enough with their benefits to call in a union.

Another possible bias for this survey is that employees were asked to state how they felt five years ago. Since one can only assert how they think they felt and they could be mistaken; especially in view of the fact that they are now dissatisfied.

Recommendations

I would recommend to Schnucks officials and to any employer seeking improvement the morale of their employees that they take into consideration the impact of the reduction of benefits. If budget cuts are the only way to keep a company successful, then perhaps lesser benefits to incoming workers would be more beneficial. Employees with low morale are generally not as productive as those with high morale and do not make for a successful business. No one likes to lose what they have, but if one never had the benefits, then one cannot lose them.

Also, when the curtailing of benefits is the only method of survival, the company should have a meeting to discuss this with its employees. Workers should never feel as though their inadequacies are the reason for the cuts. Communication can go a long way to halting the animosity and hostility often felt by those in a position of impotent anger.

Conclusion

So, as the job market becomes more and more challenging, many people would feel lucky to have any employment. Certainly, those employed by Schnucks would rather have a steady paycheck than none, but they are still fighting to keep what they once took for granted. Also, it appears as though the perception of loss is perhaps more important than actual loss. All the same, workers no longer wear the smiling faces the Champaign area populous is accustomed to, but employees are maintaining the expectation that contracting with a union will rectify this situation. The feeling of a loss of wages, having to pay for medical/dental insurance, and reduced pension is indeed the basis of declining morale at Schnucks grocery stores.

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