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## People with disabilities: A new model of productive labor

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### ABSTRACT

Walgreens is a pioneer in proactively recruiting people with all kinds of disabilities (inclusive initiative). Their distribution centers aim to employ twenty percent of people with disabilities and their stores ten percent. The study will examine the recruitment strategies for employees with disabilities, benefits vs. costs for proactively employing people with disabilities and lessons that can be transferred in the hospitality industry.

**Keywords:** disability, workers with disabilities, inclusive initiative, recruitment.

### INTRODUCTION

The nation's largest minority is people with disabilities, comprising more than 50 million individuals (U.S. Census Bureau 2008), who contribute to the diversity that nurtures new ideas and supports businesses become more competitive in a diverse marketplace. Businesses can improve their competitive edge if they take steps to integrate underrepresented groups, such as people with disabilities, into their workforce [Office of Disability Employment Policy (ODEP) 2005]. This untapped pool offers a source of skilled and dedicated employees to counter the effects of the aging and shrinking workforce, especially in the hospitality and tourism industry, which is labor intensive and faces high employee turnover rates (Ball et al. 2005; ODEP 2005).

The goal of the study is to examine the benefits and challenges when employing people with disabilities and the best practices in proactively employing and managing workers with disabilities. Walgreens Co was selected as a purposive sample based on its initiative of proactively hiring people with disabilities and aiming to employ 20 percent of employees with disabilities in their distribution centers and 10 percent in their stores. Walgreens Co is the nation's biggest drugstore chain, is included in the top 500 Fortune companies and is an active member of the US business leadership network that is a national disability organization that supports best practices in the employment and advancement of people with disabilities. The study aims to use Walgreens initiative as a benchmark for the hospitality industry and inform hospitality employers of the best practices of employing and managing this untapped group of workforce. Finally, since baby boomers have already started retiring resulting in an aging and shrinking workforce, the study aims to provide human resources professionals with solutions in improving and expanding their candidates' pools and ensuring a better workforce. (CNNMoney, 2011; U.S. Business Leadership Network, 2011).

### LITERATURE REVIEW

People with disabilities are an overlooked labor pool. Many businesses employ people with disabilities, but not all proactively hire them. According to Lengnick-Hall, Gaunt, and Kulkarni (2008), some employers do not proactively hire those with disabilities because of job performance concerns. Some of these concerns are related to job qualifications/performance, the costs associated with hiring people with disabilities, and the reactions and responses of others. Businesses are concerned with the bottom line; benefits must outweigh the cost of employing any group of people.

#### Turnover

Turnover is a concern for businesses. When an employee leaves a position, a company can incur costs associated with replacing that individual. According to Cimera, (2009), when an employer needs to replace a worker, he or she may have to place a help wanted ad in a newspaper, check references, and review and interview applicants. All these activities affect a company's bottom line. There is some contradictory information about whether turnover for people with disabilities is higher, about the same, or lower. Some research has shown that people with disabilities stay the same amount of time or longer than their non-disabled counterparts. In a study by Hernandez and McDonald (2010), employees with disabilities stayed on the job 4.26 months longer than employees without disabilities. Another example of lower turnover among PWD's is Pizza Hut's "Jobs Plus Program". The program has over 4,000 participants, and over two-thirds of them have a disability. The turnover rate among people with disabilities is much lower, just 20%, compared to their non-disabled coworkers who have a turnover rate of

150% (Disabled World, 2009). Laabs, (1994) reported that the Chicago Marriott also experienced lower overall turnover after it began hiring people with disabilities. That particular Marriott has a turnover rate of 32% per year, when the turnover rate within the hotel industry is typically 50%. Additionally, Romano (2003) reported that a Washington Mutual Inc. call center had a turnover rate of 8% among people with disabilities, compared to a rate of 45% overall. Conversely, Lerner et al (2004) studied the employment, job retention, and productivity of a sample of subjects suffering from depression. It was found that compared to the control group, those with depression had significantly higher rates of job loss, lower job retention, and more absenteeism. The subjects with major depression did worse than both control groups, one of healthy individuals, and one made up of subjects with rheumatoid arthritis.

#### **Attendance**

Absenteeism can cause businesses to lose money. As stated by Cimera (2009), companies may have to find a replacement for the absent employee, or pay another employee overtime to cover the shift. Literature suggests that people with disabilities have comparable or below average absentee rates. According to a study done by the DuPont Corporation (1993), 86% of the employees with disabilities were rated above average or average in their attendance as compared to their non-disabled counterparts. Olsen, Cioffi, Yovanoff, and Mank (2001) found in their study of employers' perceptions of employees with cognitive disabilities that the amount of sick time and costs of absenteeism were the same or lower for employees with a disability. Additionally, Blanck and Braddock (1998) found that all the employers surveyed reported that their disabled employees had comparable absentee rates. Adams-Shollenberger and Mitchell (1996) did not find similar results. Their study compared janitorial workers with mental retardation (MR) and those without on absenteeism and job retention. They found that although the workers with MR had a higher retention rate, they had considerably higher absentee rates. The differences between the two groups were statistically significant. The same study also found that the workers with MR had more absences due to bad weather (snow, ice, etc.), and the non-disabled had more due to family and or personal reasons.

#### **Injuries**

DuPont Corporation has been tracking their disabled employees through surveys since 1973. The corporation studied job performance, safety, and absenteeism three different times in 1973, 1981, and again in 1990. The study included people with many different disabilities; physical, cognitive, and emotional. In the 1973 study, there were no incidences of time lost due to disabling injuries. In the 1981 study, it was found that 96% of the disabled employees were rated as average or above average in safety. The rate in 1991 was even better, at 97% of disabled employees rated as average or above average (Lengnick-Hall et al., 2008). A study by Blanck and Braddock (1998) had similar findings, 93% of the employers surveyed stated that they do not believe disabled workers create a safety risk at the workplace.

Not all the literature shares this view. Zwerling, Whitten, Davis, and Sprince (1997) evaluated the risk of occupational injury of 459,827 workers using the National Health Interview Survey. They found that workers with sensory disabilities had significantly higher risk for occupational injury. Those with disabilities sometimes perceive themselves to be at higher risk. Allen, Field, and Frick (1995) found in a survey of 1,954 disabled farm workers that 60% of the workers believed that they were at a greater risk of being injured because of their physical disability.

#### **Competitive Advantage of Proactively Hiring People with Disabilities**

Hiring people with disabilities can give employers a competitive advantage over companies that do not hire them. Kregel and Tomiyasu (1994) found that employers view employees with disabilities as having a positive effect on their coworkers. The same study also found that employers believe that workers with disabilities provide taxpayers economic benefits. By employing people with disabilities a company may be eligible for federal tax credits that can offset accommodation costs (Romano 2003). An example of a tax incentive is the Work Opportunity Tax Credit. This allows an employer to take a credit for up to 40% of the worker's first \$6,000 dollars in wages earned the first 12 months of hire (Wittmer & Wilson, 2010). A second program that offers incentives is the U.S. Social Security Administration's Ticket to Work Program. This program gives companies the opportunity to generate \$4,800 in the first nine months of hiring a recipient of social security benefits (Wittmer & Wilson, 2010).

Corporate social responsibility has economic benefits as well. A survey conducted by the Gallup organization and the University of Massachusetts' Center for Social Research found that 88% of the 800 respondents said they would prefer to give their business to companies that hire people with disabilities (Lengnick-Hall et al, 2008).

#### **Perceived Managerial Challenges of Working with People with Disabilities**

There are perceived barriers to managing and hiring people with disabilities and include the cost of accommodation, lack of resources, information, skill in working with and managing employees with disabilities, and negative attitudes about disabilities in general (Houtenville and Kalargyrou 2012; Fabian, Edelman and Leedy 1993). Some of the ways these problems are addressed are skills training for employees and supervisors, and the

facilitation of attitude changes. Consultants discovered that having group meetings to discuss myths and stereotypes about disability in the workplace improved the morale and attitude among workers (Fabian et al., 1993). Gilbride, Stensrud, Vanergoot and Golden (2003) stated that job match, or finding the right fit was a challenge for managers of people with disabilities. Roessler (2002) states that a good fit is an employee who possesses the skills to do the job and like what they do.

Murphy, Mullen & Spagnolo (2005) found that poor social skills, interpersonal stressors, and lack of family support were major contributors to termination of people with disabilities. The researchers discovered that social skills instruction, problem solving techniques, communication skills instruction and coworker supports/mentors were successful retention strategies. Schartz, Hendricks, & Blanck (2006) found that altering work routines, schedules, and assignments as well as modifying work environments were successful accommodations. When accommodating people with disabilities, there are direct and indirect costs. A Job Accommodation Network study reported that the average cost of workplace accommodations was \$200 and the median benefit was \$10,000 (Schartz et al, 2006).

### METHODOLOGY

In an effort to select representative cases that showed different perspectives of Walgreens initiative and capture the diversity of opinions face to face interviews were conducted with three executives, ten managers and twelve employees. Currently, the data are in the process of content analysis using Atlas ti.

#### Anticipated outcomes

The researcher anticipates that Walgreens' inclusive initiative will set a benchmark for other companies, in particular the hospitality industry where many entry level positions are repetitive and result in higher rates of turnover (e.g. busser, front desk). Proactively hiring people with disabilities could result in increased psychological safety and trust in the company and consequently in higher employee engagement, lower turnover, higher profitability and a sustained competitive advantage.

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