

Welfare Capitalism on the Cheap?

employee hardship funds at one firm

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Plan for today

- What is an EHF?
- EHF's worth studying!
- An initial study to document basic facts and demonstrate EHF effects
 - EHF awareness “broad-but-thin”
 - No effect on financial security
 - increases co-worker and employer attachment
 - decreases support for unionization
 - increases support for UI

What is an Employee Hardship Fund?

Employee Hardship Funds

- *Employer* seeds and manages a mutual aid fund for its own workers
- Takes in (tax advantaged) donations from workers (& sometimes execs or fdn)
- Pays out (tax exempt) cash grants to workers experiencing a “qualified event” who apply
- 1st EHF emerge around 2000
- Wide variation in age, grant size, administration, etc.
- Apparently rapid growth in last 5 years
- Virtually no study of the programs

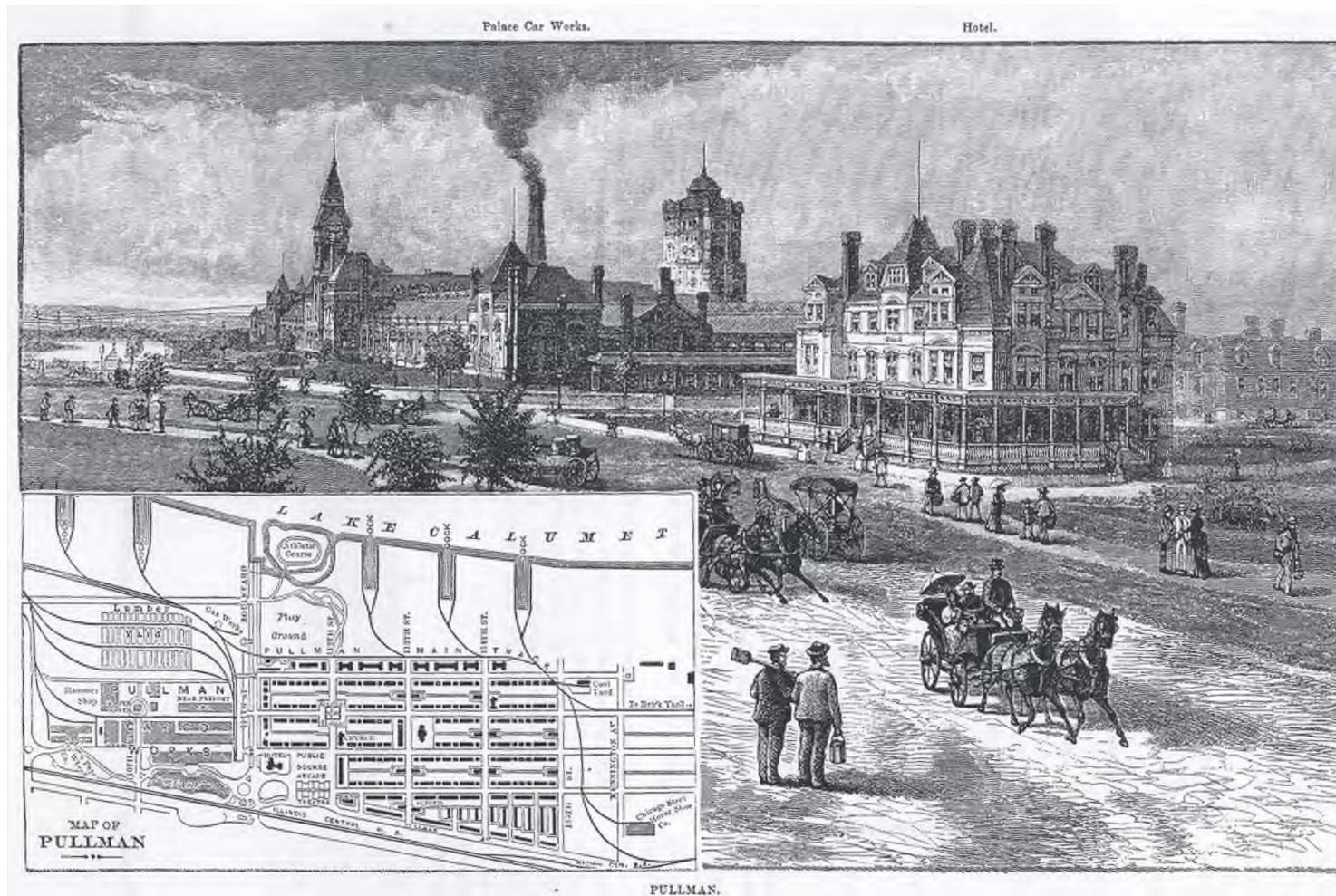
EHFs as theoretical curiosity

Mutual Aid, then & now

"In the vast majority of cases trade unions took their early features not from the traditions of any fifteenth century organizations, but from the existing friendly societies around them." (Webb & Webb 1920)



Welfare capitalism



Ely (1885)

Connecting active but disparate literatures

- Financial hardship hurts productivity & performance (Leana et al. 2012; Leana et al. 2018; Meuris and Leana 2015, 2018)
- CSR & employer charitable activities...
 - inculcate corporate culture (Gorton and Zentefis 2020; Hayton, Carnabuci, and Eisenberger 2012)
 - increase worker attachment/improve retention (Rupp et al. 2006; Bode et al. 2015; Greening & Turban 2000; Lin 2010)
 - increase worker effort (Kampkötter et al. 2020; Burbano 2021)
- Unionization & union avoidance (Jacoby 1998; Jarley 2005; Bronfenbrenner 2009; Hertel-Fernandez & Porter 2021)
- Government programs & “private insurance” are substitutes (Ansell 2014; Beito 2000; Busemeyer & Iversen 2020; Rosner & Markowitz 2003; Hacker et al. 2013; Zhu & Lipsmeyer 2015; Wiedemann 2022; Yeo 1979)

**EHFs as more than just a theoretical
curiosity**

EHFs



MISSION

WHY EAF?

PROCESS

EXPERTISE

IMPACT

FUNDS

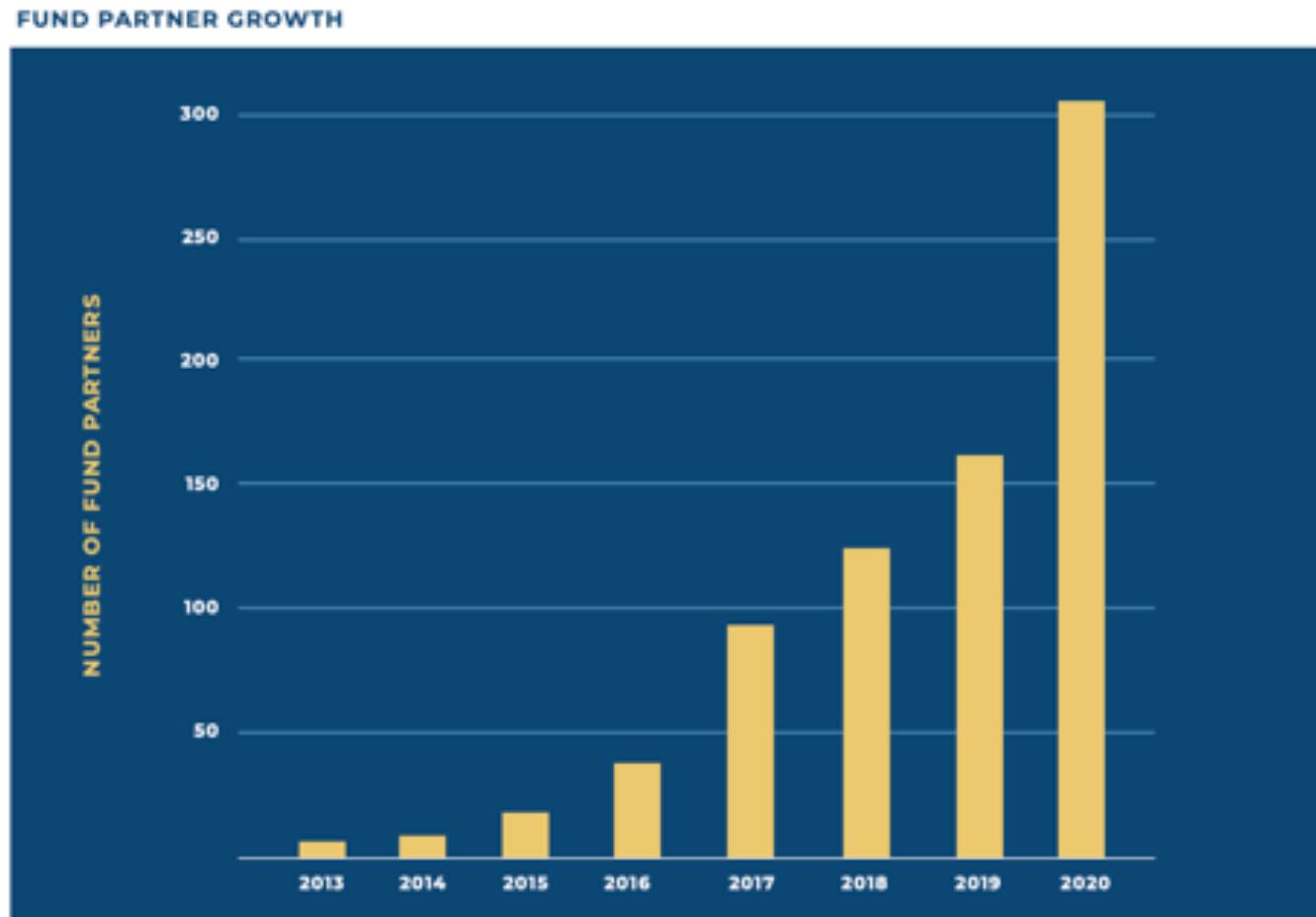
BLOG

CONTACT

ESTABLISH A FUND



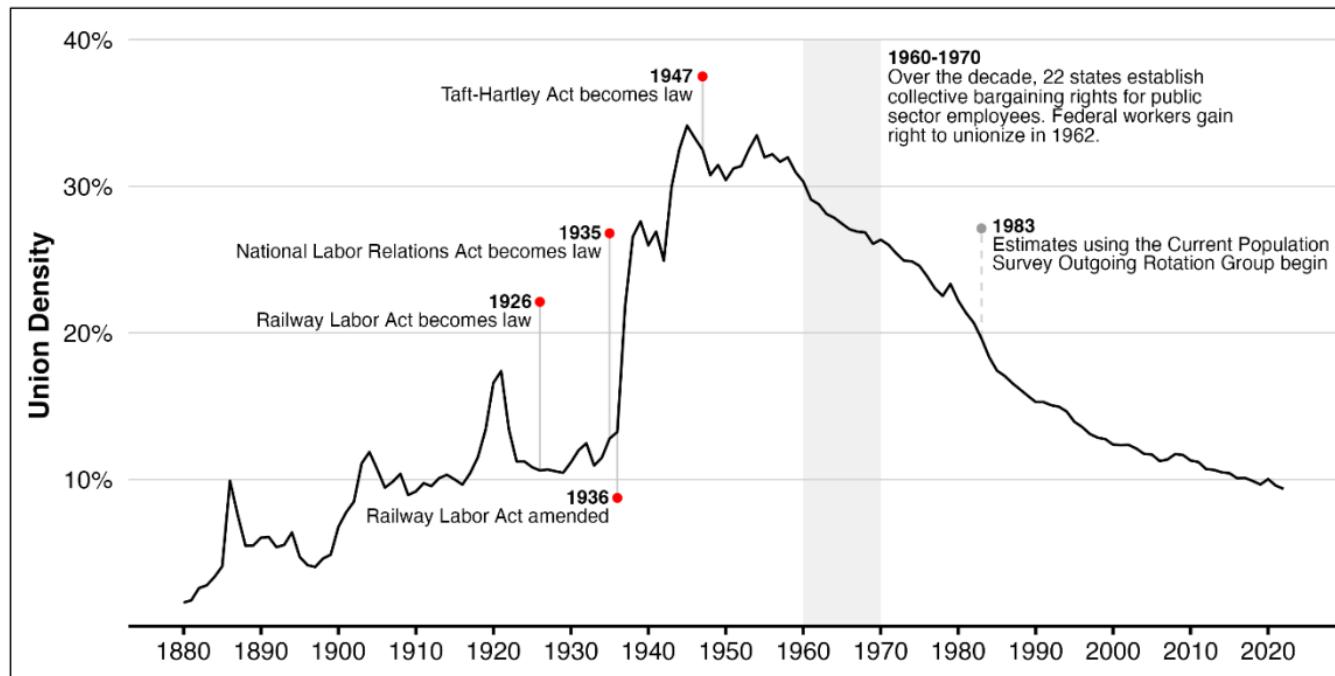
EHF growth at one service provider



Assistance Foundation (2022)

Source: Employee

Unionization in the USA



Unionization

Sustainable Business

Home Depot workers vote against unionizing U.S. store

By Doyinsola Oladipo

November 7, 2022 1:44 PM PST · Updated a year ago



Automakers with non-union workforce race to bump pay after UAW's record deals

Reuters

December 19, 2023 3:19 AM PST · Updated a month ago



Immediate Research Questions

- Descriptive
 - EHF awareness & engagement
 - Predictors of EHF awareness & engagement
- Hypothesis-driven
 - Effect of EHF on:
 - subjective financial stability (\uparrow)
 - Attachment to coworkers & employer (\uparrow)
 - Support for unionization (\downarrow)
 - Support for public social insurance (\downarrow)

Research design

- Survey workers at firms with varying EHF^s (age, generosity, industry)
 - target one firm in this paper
- Prompt a random subset of respondents with information about EHF
 - pre-registered @ OSF
- Survey in the field 7 Sept - 15 Oct 2021.

Sample

- Matched employee-worker surveys difficult and expensive in USA
- Advertise on Meta platforms to recruit based on reported workplace (same strategy as SHIFT project)
- Respondents entered into a raffle for iPad Mini
- Raking weights calculated FB-reported age-gender buckets
- Received 515 completed/valid responses in preliminary survey.

Outcomes

- Descriptive:
 - EHF awareness, know another recipient, applied, donated, received a grant
- Experimental:
 - subjective financial security, “loyalty” to co-workers & employer; willingness to recommend employer; vote intention in a union representation election; support for UI.

Estimation details & “pre-exposure”

- Descriptive estimates from weighted sample
- Experimental/causal estimates from unweighted sample
- w/ and w/o covariates (age, gender, race, college degree, tenure, full-time, hourly worker, main job)
- Those aware of the EHF before the survey may react differently to the treatment than the “unaware”.
 - Estimate ATEs and heterogeneous effects within “awareness” strata.

Descriptive findings

EHF awareness/engagement: widespread but thin

- 81% of control-condition respondents report that employer has an emergency cash program when asked directly.
- 61% of all respondents correctly identified “cash grants to help in times of emergency.”
 - 1/3 of correct control group respondents got this question wrong
- 54% know someone who received a grant; 21% have applied & 12% received cash
- 73% have donated to the fund at some point
- Tenure with firm only consistent predictors of awareness/engagement

Survey Experiment

Text treatment

Your employer, [employer name], maintains a program called [EHF program name].

[EHF program name] combines donations from workers like you with money from [employer name] corporation.

[EHF program name] uses this money to offer cash grants of up to [\$10,000] to [employer name] employees in times of unexpected financial hardship like a natural disaster, illness, or death in the family.

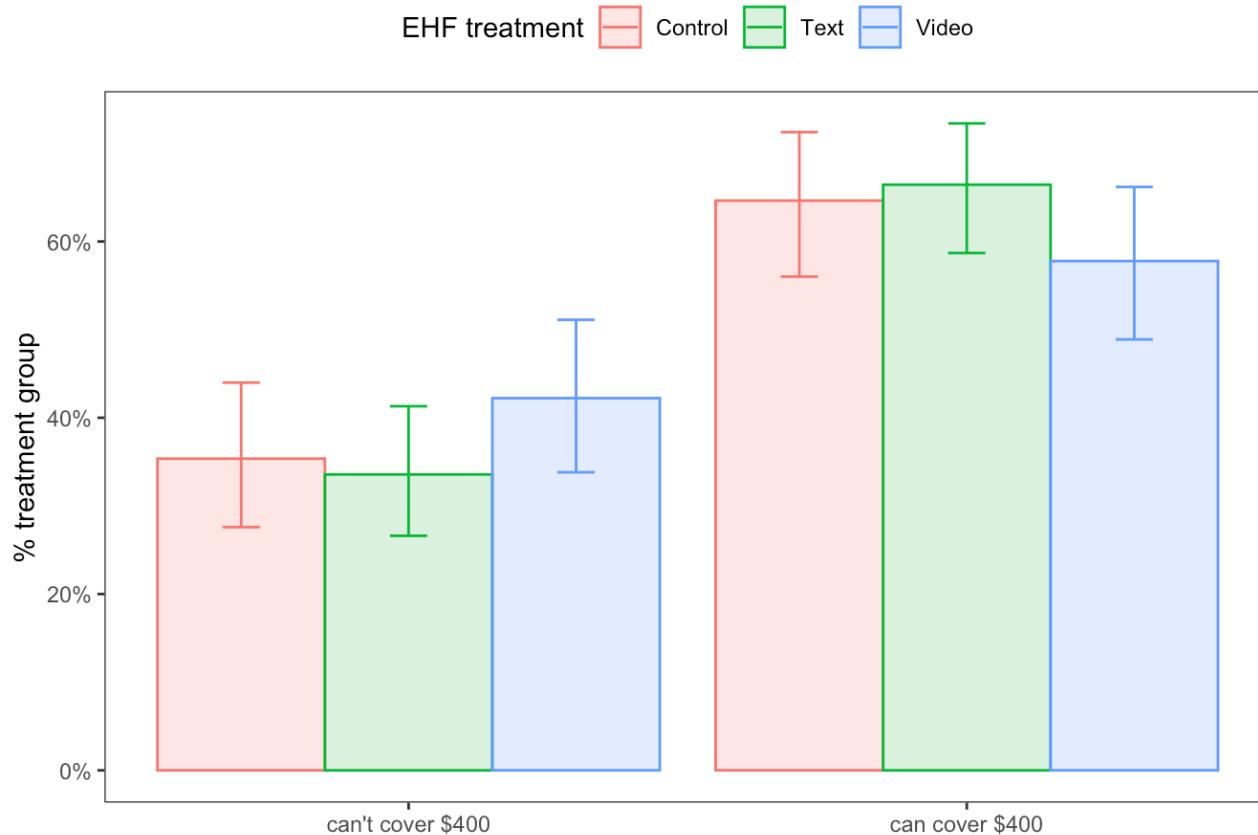
Video treatment



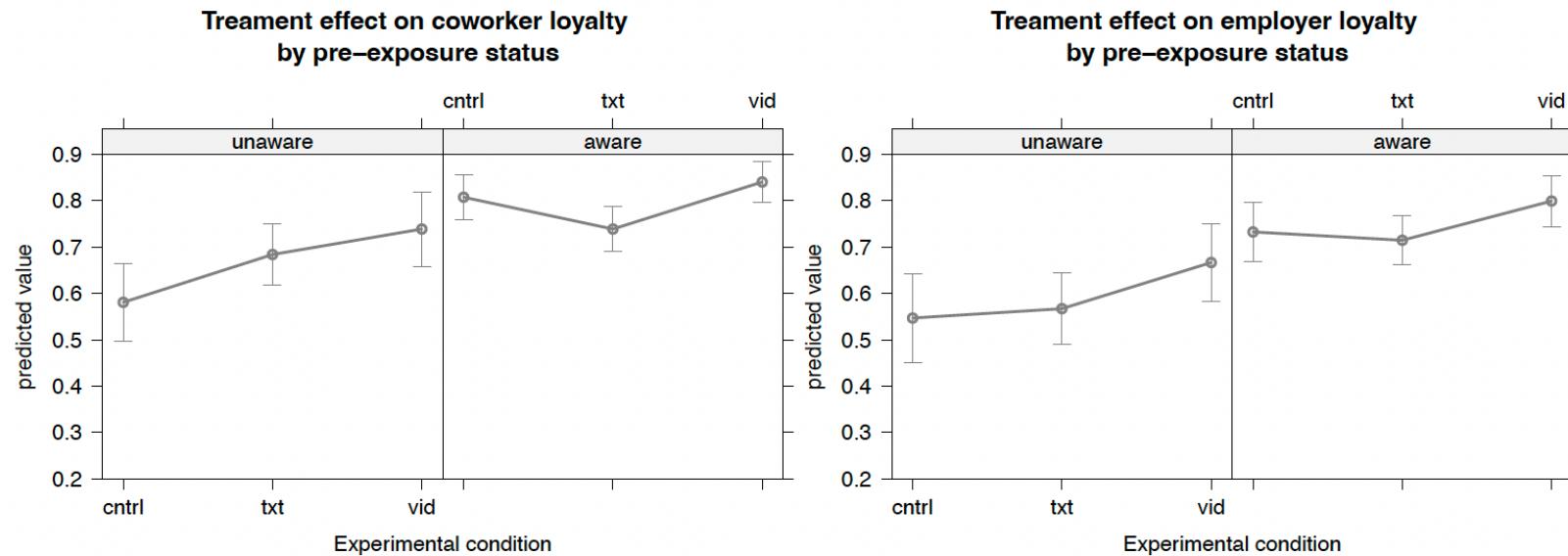
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Subjective financial security

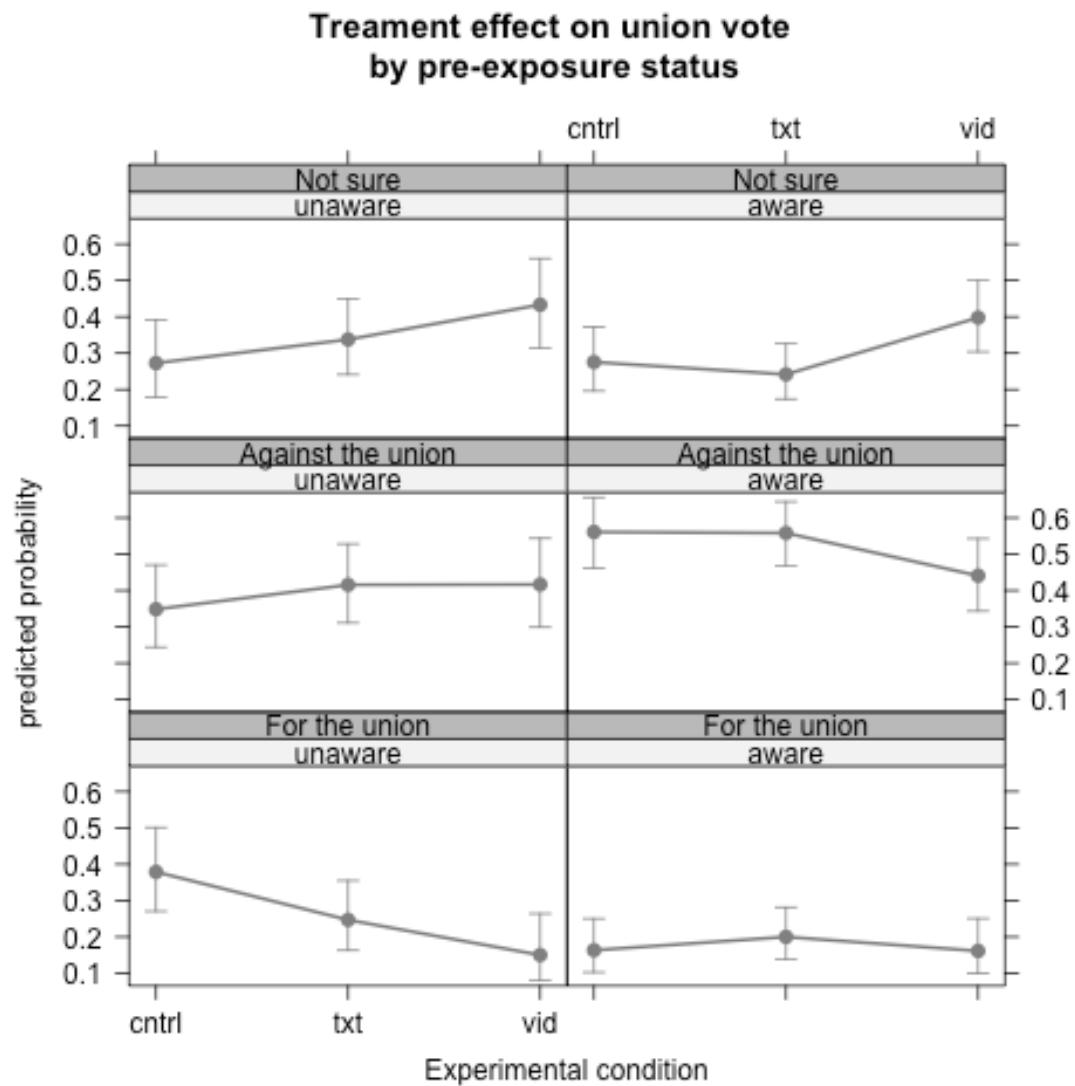
Financial insecurity by EHF treatment



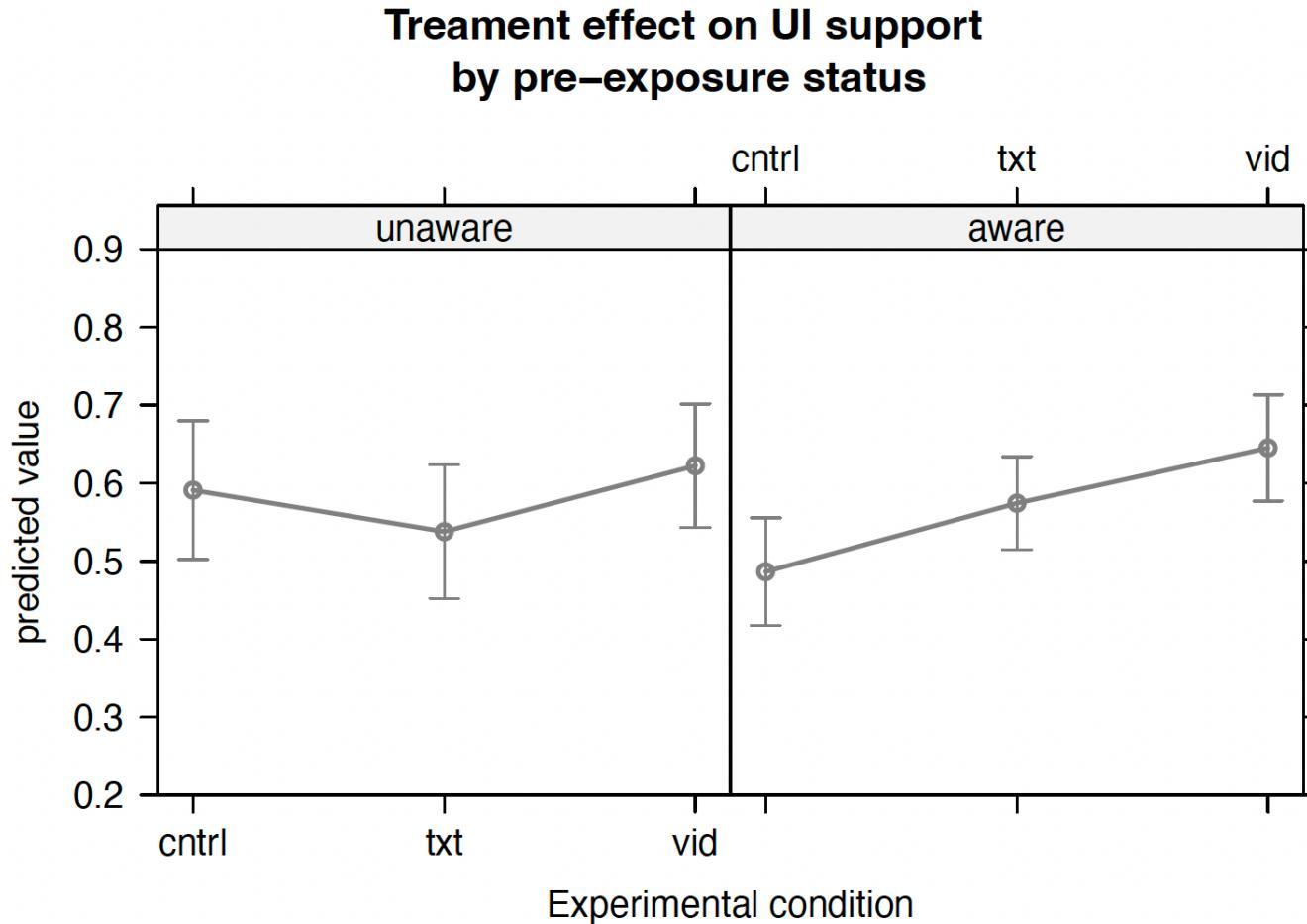
Attachments by pre-exposure status



Unionization support by pre-exposure status



Support for UI by pre-exposure



Wrapping up

Conclusions

- EHF awareness high but thin at this company
- Neutral text information has no detectable effect on any outcome
- Video “propaganda” treatment stronger; mediated by pre-exposure
 - ↑ attachment to employer and co-workers
 - No effect on financial security
 - ↑ support for UI
 - decrease in support for unions
- Similar to CSR and “welfare capitalism” EHFs can affect worker loyalty and support for unionization

Appendix

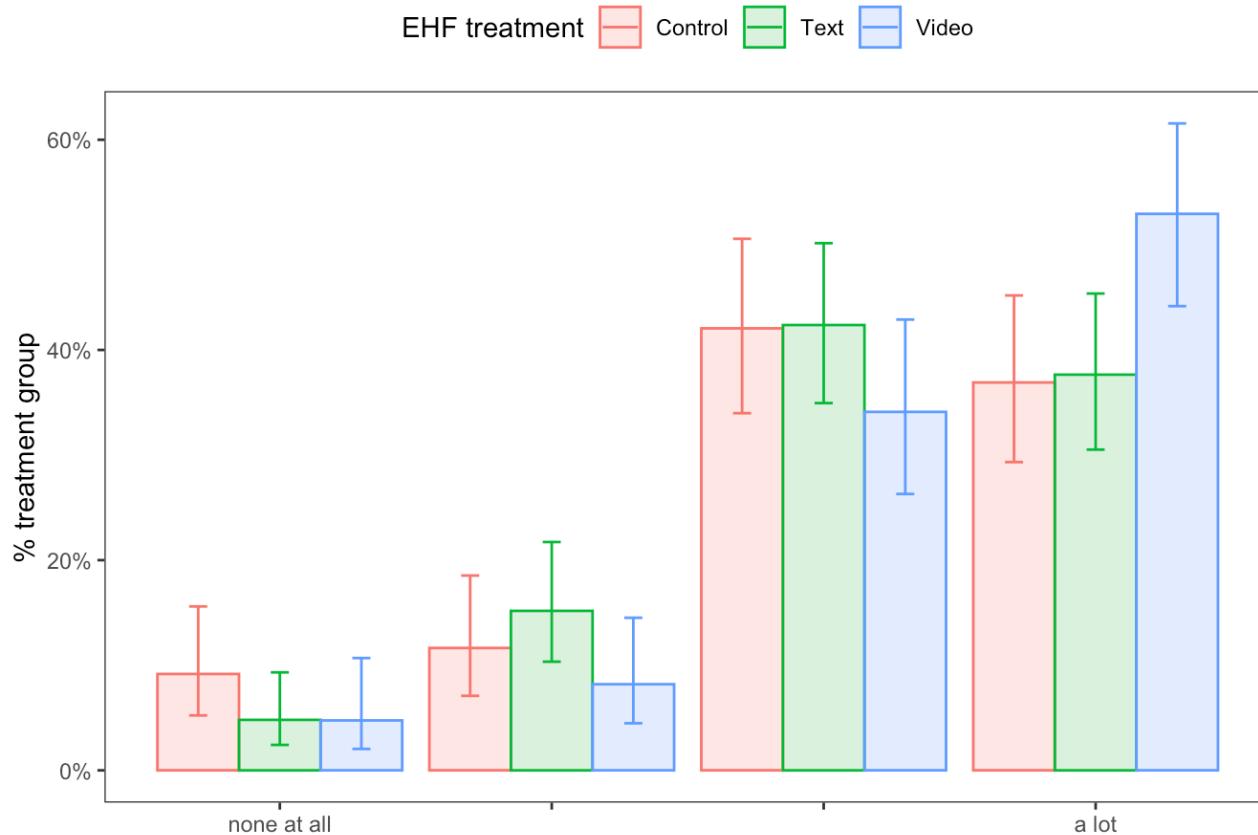
Table 1: Weighted logistic regression of EHF awareness and engagement

	awareness	know recipient	applied	received	donated
age	-0.007 (0.006)	0.016 (0.009)	0.022* (0.009)	0.015 (0.009)	0.021* (0.010)
male	-0.162 (0.211)	-1.009** (0.300)	-0.928** (0.332)	-0.517 (0.290)	-0.210 (0.315)
main job	0.013 (0.388)	0.006 (0.614)	0.326 (0.611)	0.719 (0.688)	-0.288 (0.590)
tenure	0.026** (0.009)	0.078** (0.013)	0.076** (0.021)	0.117** (0.027)	0.121** (0.013)
nonwhite	-0.231 (0.248)	-0.187 (0.365)	0.091 (0.375)	0.100 (0.377)	0.231 (0.351)
full time	0.425 (0.238)	0.363 (0.331)	0.248 (0.412)	-0.090 (0.359)	0.386 (0.337)
hourly	-0.605 (0.669)	-0.975 (1.017)	1.125 (0.871)	-0.830 (0.635)	0.460 (1.117)
college	0.387 (0.282)	0.257 (0.352)	-0.698 (0.478)	0.121 (0.361)	0.450 (0.526)
<i>N</i>	509	346	347	509	508
AIC	671.0	393.3	315.2	340.6	385.2

* p < 0.05, ** p < 0.01 Standard errors in parentheses.

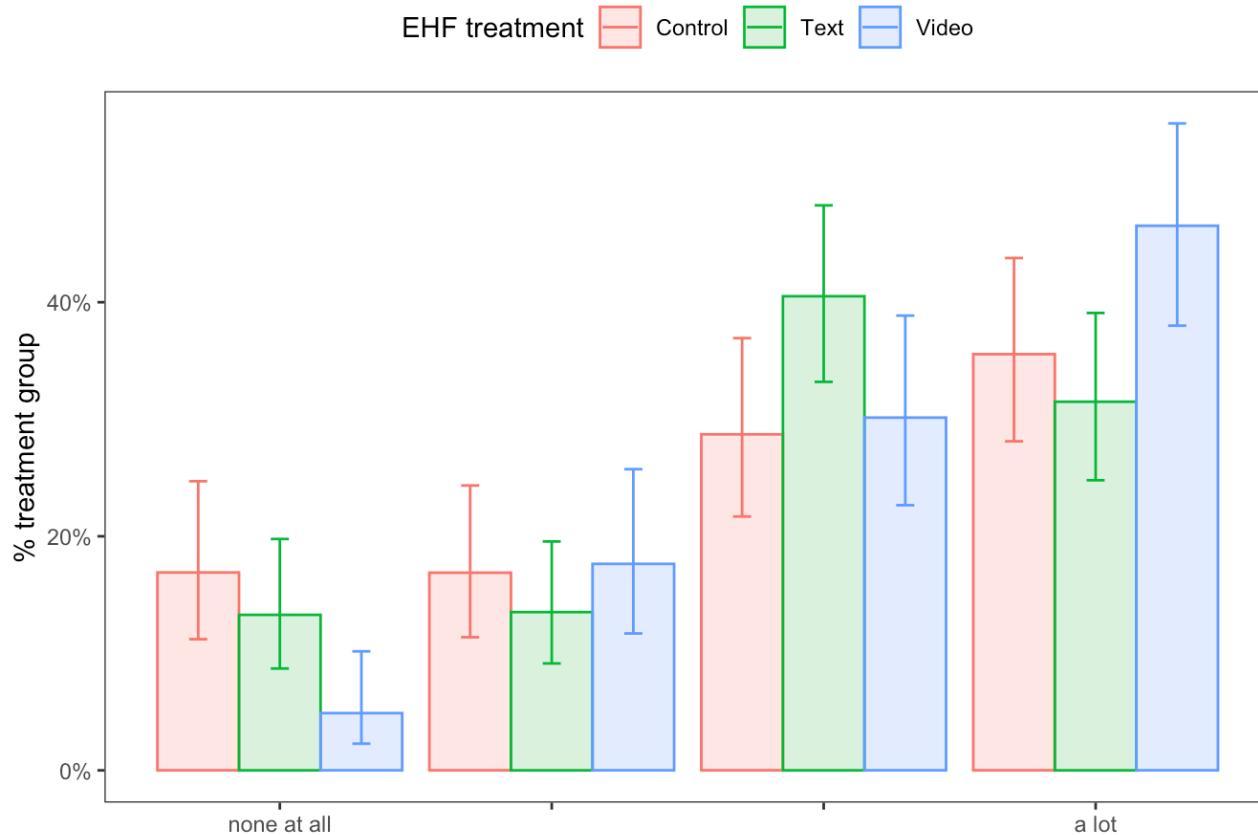
Attachment to co-workers

Loyalty to coworkers by EHF treatment



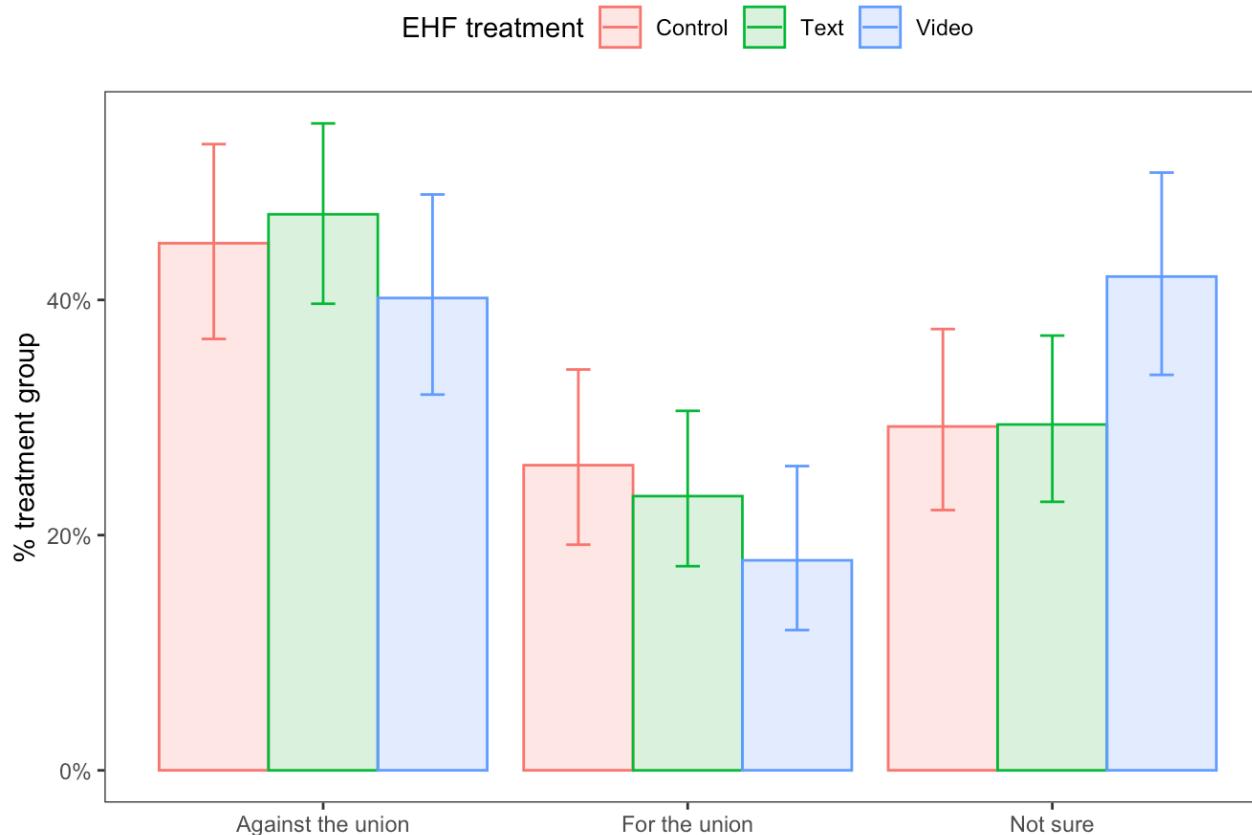
Attachment to employer

Loyalty to employer by EHF treatment



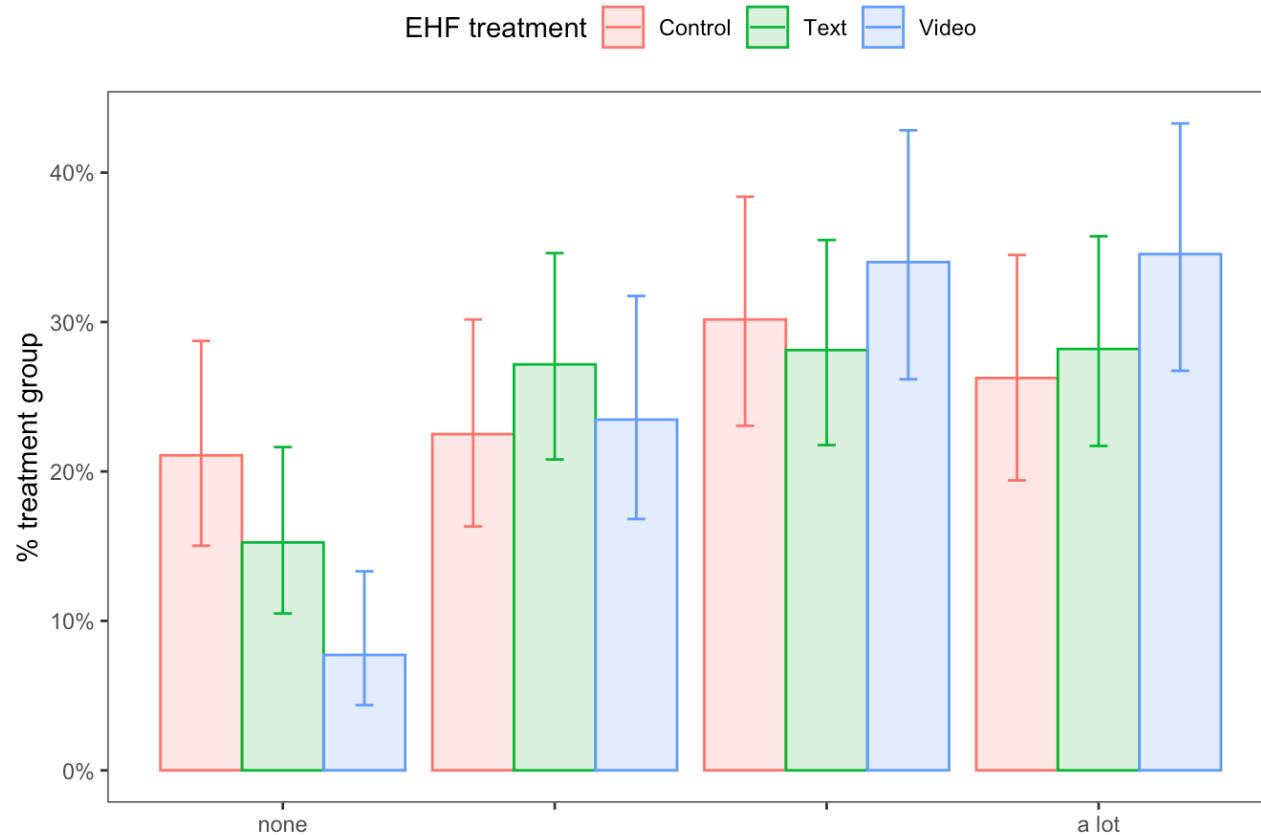
Support for unionization

Support for unionization by EHF treatment



Support for UI

Support for UI by EHF treatment



Placebo policies

Table 13: Support for other social policies, OLS regression

	Pension	Childcare
Text treatment	−0.031 (0.060)	−0.028 (0.066)
Video treatment	0.052 (0.057)	−0.031 (0.068)
Pre-exposed	0.007 (0.055)	−0.028 (0.061)
Text x pre-exposed	0.022 (0.074)	0.076 (0.082)
Video x pre-exposed	−0.013 (0.073)	0.133 (0.085)
<i>N</i>	508	507
<i>R</i> ²	0.01	0.01
<i>F</i>	0.76	1.25

* p < 0.05, ** p < 0.01 Robust standard errors in parentheses.