Design and Feasibility of an Employer Workforce Survey

Pamela Farley Short, Julie Brown, Marc Elliott
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Pamela Farley Short, Julie Brown, Marc Elliott

Prepared for the
U.S. Department of Health and Human Services
U.S. Department of Labor
Informed policymaking with respect to health insurance, pensions, and other group employment benefits requires data about the group of employees that works for each employer and is offered a particular benefit package. Employers must necessarily design these group benefits around the collective characteristics and preferences of their workforces, rather than tailor individualized insurance and pension plans to the needs and wants of each employee.

Unfortunately, the information about employment groups that is currently available from employer and employee surveys is generally too limited to address many of the relevant policy questions. What is needed is an “employer workforce survey” that would involve two stages of data collection. In the first stage, data would be collected from a sample of employers about fringe benefits offerings, characteristics of the employer, and some characteristics of the employer’s workforce that are readily reported by the employer. In the second stage, to characterize the workforce along additional dimensions, data would be collected from a representative sample of each employer’s employees.

This report presents the results of a study undertaken by RAND and its subcontractor, Westat, Inc., to articulate a set of analytic goals for a workforce survey, to propose a sample design and data collection methodology, and to decide if the development of a workforce survey is worth pursuing. The study was conducted for the Office of the Assistant Secretary for Planning and Evaluation of the U.S. Department of Health and Human Services and for the Pension and Welfare Benefits Administration of the U.S. Department of Labor. The report should be of interest to policy analysts who have an interest in studying questions or estimating statistical models that require the kind of data that can only be obtained from a workforce survey, research sponsors who might consider funding a workforce survey, and research organizations who might undertake the collection and analysis of these data.
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SUMMARY

INTRODUCTION

Background

Many insurance and savings plans are obtained mainly on a group basis, as a fringe benefit of employment. Group health-insurance and retirement plans are the most important of these benefits. An important feature of group insurance and retirement benefits is that employers must necessarily design them around collective—rather than individual—employee characteristics, needs, and preferences. More specifically, the costs associated with group-benefit plans are affected by such factors as the age, family circumstances, and health status of all of the employees in the group, and each employer must design its benefits to appeal to all types of employees that it needs to retain and recruit.

Given the analytic importance of linking data about the benefits offered by employers to data describing the characteristics of their workforces, and the severe limitations of existing employer and employee surveys in this regard, the Office of the Assistant Secretary for Planning and Evaluation (ASPE) in the U.S. Department of Health and Human Services and the Pension and Welfare Benefits Administration (PWBA) in the U.S. Department of Labor (DOL) commissioned RAND to study the design and feasibility of an employer workforce survey. RAND subcontracted with Westat, Inc., another nationally recognized survey research organization with experience collecting data from employers and employees, to assist in developing and evaluating alternative data-collection designs.

Survey Concept

An employer workforce survey would involve collecting information from a representative sample of employers about the employer (including size and industry), fringe-benefit offerings and enrollment, and whatever workforce characteristics the employer can provide (perhaps, for example, the split between full-time and part-time workers, wage distribution, turnover rates, and union membership). The data collected from each employer would be supplemented by interviews with a representative sample of the employer's employees. The employee interviews would provide critical information about employees that is not readily known to or quantified by the employer, such as family income; education and work experience; the employment status and fringe benefits of the employee's spouse; pension benefits from prior employment; and the health-insurance status, health, and health-service utilization of family members. Even if these employee characteristics are not observed by employers, they presumably influence preferences about fringe benefits among employees that employers do observe and take into account in their benefit offerings.
Plan of the Design and Feasibility Study

Phase 1 of RAND's design and feasibility study concentrated on specifying and prioritizing the analytical goals of an employer workforce survey. Phase 2 of RAND's study dealt with design options, feasibility, and estimating the cost of fielding an employer workforce survey.

We relied on several sources of information in developing a set of recommended procedures for fielding an employer workforce survey. First, we were able to identify two employer surveys that have attempted the workforce survey's two-stage design, in which data are obtained both from a sample of employees and from a respondent for the employer. We discussed these surveys with individuals who were directly involved in the data collection. Second, we drew on other experiences of both RAND and Westat staff with employer surveys. Third, we conducted two focus groups with employer representatives to learn more about the data-collection issues from the employer perspective.

ANALYTIC GOALS

Basic Priorities

The unique and distinguishing feature of an employer workforce survey is its ability to characterize the group of employees who are associated with a particular employer. Only a workforce survey will allow researchers to answer a fundamental set of questions that have gone largely unaddressed because of the lack of suitable data. These questions have to do with the effect of group characteristics on the availability, cost, and design of fringe benefits from different employers.

The central goal of an employer workforce survey is to help researchers and policymakers understand and anticipate the effects of public policies and other social or economic forces that operate on collective, rather than individual, insurance purchases and pension arrangements. We propose that questions dealing with the effects of group characteristics on the availability, design, and cost of group benefits should be the first priority in designing a workforce survey.

Fundamental Questions

While specific policy issues and analyses requiring data about employee groups are discussed in our report, virtually all these policy questions would be informed by the development of fundamental, behavioral models of employer benefit offerings that take account of both employer and workforce characteristics. These models would necessarily consider the trade-offs between wages, health insurance, pensions, and other fringe benefits in the design of compensation packages; each employer's interest in minimizing compensation costs and maximizing workforce productivity; and each employee's interest in working for an employer that offers a compensation package that the employee finds appealing.
Health and Retirement Policy Questions

Beyond the overarching need to understand and measure the effects of economic forces, public policies, and other factors on employer and employee benefit decisions, there are a number of specific policy questions that might guide the design of a workforce survey. In this report, we describe four issue areas in which data about the distribution of employee characteristics within and among employer groups are needed to guide health policymaking. We also identify some of the important policy decisions relating to retirement income security that could be informed by data of this type.

The following issues for health policy research might be addressed with an employer workforce survey:

- Pooling and segmenting employer groups by expected claims
- Cost and coverage estimates for voluntary insurance subsidy programs
- Changes in tax policy affecting expenditures on health insurance
- Encouraging and managing competition among plans within groups.

The following priorities for retirement policy research should also be considered:

- Retiree health benefits
- Employer demand for older workers
- Changes in tax policy affecting pensions and retirement savings
- Savings and pension contributions by individual workers.

RECOMMENDED SAMPLE DESIGN

Given the analytic interest in examining the variation in workforce characteristics and fringe-benefit packages within local labor and health-care markets, we have planned for the analysis of ten such markets in a mixed design that will also produce national estimates. The basic elements of our proposed sample design are summarized below:

- Use the Dun and Bradstreet Market Indicator file as a sampling frame.
- Sample establishments, then contact enterprises.
- Oversample large employers.
- Complete interviews with a sample of 2,000 establishments and 32,000–40,000 employees.
- Complete 800 interviews with a national sample of employers drawn directly from the Dun and Bradstreet list.
- Purposively select ten high-intensity MSAs for local market comparisons, and complete interviews with a sample of 120 employers in each.
- Complete interviews with a sample of 20–25 employees who are “currently” on the establishment’s payroll, drawn from a payroll list. Take an absolute census of employees in small firms.
RECOMMENDED DATA-COLLECTION METHODS

A workforce survey adds two special challenges to the employer surveys that have typically been conducted in the past. First, it is necessary to sample employees from a list that each employer has to supply. Because employers will not provide a list of employee names to an outside research organization, it may also be necessary to ask the employer to draw the sample. Second, because of confidentiality and privacy concerns, the research organization will not be allowed to make the initial contact with employees to ask for their participation in the employee survey. It may even be necessary to collect data from employees without making any contact with them at all.

Given these constraints, the success of the employee survey depends on supporting and motivating the person who serves as the point of contact between the research organization and both the management of the establishment and the sampled employees. Not surprisingly under these circumstances, response rates for the employee survey have been at least somewhat disappointing in workforce surveys that were attempted in the past. The burden that the employee survey imposes on the point of contact and the establishment is potentially also an issue in getting establishments to participate in the study at all.

One strategy to increase establishment participation is to provide financial compensation for the time the point of contact spends collecting data for the establishment-level survey, identifying and collecting the appropriate employee list to use for sampling, carrying out specified random-sampling procedures, and distributing and following up on the employee survey. This approach was well-received by participants in focus groups conducted in preparation for this report and has been used with success in a recent RAND health study that required medical offices and clinics to provide sample lists and make initial contact with patients selected to participate in the study. However, given the sample sizes proposed in Sections 3 and 4 of this report, a reimbursement strategy will have a significant effect on survey costs. For example, a payment tied in to the size of the sample (such as $25 per employee sampled) would result in a cost of $800,250 to $1,455,000. There are less costly options; a payment of $100 to the point of contact would result in a cost of $105,200 to $200,000. In implementing a reimbursement strategy, it is important that the point of contact directly benefit from the payment. This can be done through overtime pay for work done on study tasks outside of normal work hours or through a temporary reduction in usual work tasks so that study tasks can be completed during normal work hours.

Our proposed data-collection plan takes account of these special considerations, as well as other more general considerations that arise with any establishment survey. Our recommendations with respect to data-collection procedures are summarized below:

- Identify establishments that are associated with the same firm before fielding the establishment survey. Be ready to pursue information up the corporate hierarchy to the “head office” for such cases.
- Use well-designed advance materials, a carefully planned approach, and flexible field procedures to enhance the likelihood of establishments participating in the study. For example, if an establishment can better accommodate the delivery of a
de-identified list and if all other establishments are selecting the sample, accept the list and select the sample.

- Send worksheets to facilitate the establishment interview in the advance packet that is mailed to establishments.
- Establish contact by telephone to enroll establishments in the study, collect the employer-level data, and arrange for employee sampling.
- Ask the point of contact either to provide a de-identified payroll list (so that the research organization can draw the employee sample) or to follow simple instructions to draw a random sample from such a list.
- Ask the point of contact to distribute either self-administered questionnaires to sampled employees or forms granting permission for the research organization to contact and interview the employee.
- Use only very experienced, skilled, and well-trained interviewers.
- Schedule frequent and regular telephone calls with the point of contact to keep that person engaged in the project during the key stages of completing the establishment survey, selecting the workforce sample, and fielding the workforce survey. Engaging and motivating the point of contact are critical to success at both the establishment and employee stages.
- Establish an incentive strategy that directly benefits the point of contact for his or her assistance with study tasks. One strategy is a $25 incentive payment to the point of contact. Another, more costly approach, is to reimburse the establishment for the time the point of contact spends on study tasks. The latter strategy benefits the establishment as well as the point of contact and can be a valuable tool to increase levels of establishment enrollment in the study.
- Provide other token gifts to the point of contact, as thank-you gifts to other employees who help with the sampling or respond to the employee survey.
- If the employee survey is self-administered, use an optically scanned, or opscan, format to reduce questionnaire production and processing costs.
- Be prepared to field the employer and employee surveys in multiple modes (telephone or self-administered) to suit the preferences of different employers and different situations.
- Be prepared to field the employee survey in languages other than English.
- Be prepared to field “short forms” of the employee survey.

Given uncertainties about the employee-survey response rate and the relative merits of different approaches to sampling and conducting the employee survey, we recommend a pilot test of the procedures proposed above. This pilot test would evaluate the general methodology while also focusing on four specific questions:

- Should employers be asked to provide a de-identified list for sampling employees, should they be asked to select the sample themselves, or should they be presented at the outset with a choice between these two approaches?
• Should the point of contact distribute permission forms for the sampled employees to return to the research organization, allowing the research organization to contact them directly, or should the point of contact distribute self-administered questionnaires?

• How much of what kinds of information can be obtained directly from the employer's representative(s) without surveying employees?

• What will it really cost to sample and interview employees by "remote control" and to recruit employers for a study that requires assistance with sampling and an employee survey?

DATA-COLLECTION COSTS

It is impossible to provide definitive estimates of the cost of a workforce survey. Costs will depend on the decisions that are ultimately made with respect to sample design and data-collection methods. Also, staffing costs vary considerably across research organizations because of differences in fringe and overhead rates and because of regional variations in salaries and the cost of living. Nevertheless, we work through some simple calculations of labor hours and costs for the benefit of organizations that might search for the funding to conduct a workforce survey or might provide the funding as the study's sponsor.

A workforce survey of the size and scope outlined in this report would require a total of $700,000 to $1,000,000 just for the data-collection effort. This is exclusive of costs that are related to sampling, pilot testing, or analyses. Depending on the types of analyses that are undertaken and the effort that is put into sample design and pretesting, the total cost of conducting and analyzing a workforce survey is likely to be in the range of $1.25 to 2 million. The pilot test will provide a lot of information for refining this cost estimate.

FEASIBLE ANALYTIC GOALS

Sampling and data-collection considerations suggest that a workforce survey will not be able to achieve all of the analytic goals that one could imagine for a data-collection effort of this type. Because of the need to draw an employee sample and conduct the employee survey with the establishment as a go-between, a workforce survey asks a lot of the establishments who agree to participate. Given the potential burden on establishments, we conclude that the number of employees sampled per employer must be fairly small, that the sampling procedures have to be very simple, and that the employee survey must be quite short and easy to complete.

Given these constraints, the following compromises should be considered in the final determination of the analytic goals that will guide the design of the survey:

• Focus the workforce survey on health-insurance issues or pension issues, but do not try to cover both.

• Give up on analyses of employee choices among different health-insurance or pension options within employer groups.
• In analyses where it is necessary to use data from the employee survey to characterize the workforces of individual employers, keep the focus on small employers—where the employee survey is conducted with a census or at least a large proportion of employees.
• Give up on longitudinal analyses that require data from a second-stage employee sample for the same panel of employers over time.
• Because of the likelihood of lower response rates and the increased possibility of nonresponse bias, analyses involving the employee survey should probably emphasize multivariate modeling (which is likely to control for some of the most obvious sources of bias) over simple tabulations of descriptive statistics.

While some compromises on analytic goals will be required, the study questions that remain are still quite important. For example, a workforce survey that concentrated on health-care issues and collected data in an employee survey about family composition; family income; and health status, health-care utilization, and health insurance of family members would still allow analysis of many of the health-care issues that we identified as high priorities.

CONCLUSIONS

Our preliminary investigations suggest that the idea of a workforce survey is worth pursuing, given that it is the only way to fill some gaping holes in our current capacity to understand and analyze group health and pension benefits. However, we suggest a pilot test to evaluate both design and feasibility issues, and we acknowledge the challenges that such a survey presents. The successful fielding of a workforce survey will require a great deal of discipline on the part of its designers to avoid asking more of employers than they are willing to give. A workforce survey will probably not achieve the response rates from the employee survey that are customary in other household or employer surveys. And a workforce survey will be relatively expensive, requiring a corps of experienced, skilled interviewers and flexible data-collection procedures that are tailored to each employer.
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ABBREVIATIONS

ASPE    Assistant Secretary for Planning and Evaluation
PWBA    Pension and Welfare Benefits Administration
NEHIS   National Employer Health Insurance Survey
EBS     Employee Benefit Survey
ECI     Employment Cost Index
RWJF    Robert Wood Johnson Foundation
DOL     Department of Labor
MSA     Metropolitan Statistical Area
NAS     National Academy of Sciences
HMO     Health Maintenance Organization
1. BACKGROUND

INTRODUCTION

Many insurance and savings plans are obtained mainly on a group basis, as a fringe benefit of employment. Group health-insurance and retirement plans are the most important of these benefits. An important feature of group insurance and retirement benefits is that employers must necessarily design them around collective—rather than individual—employee characteristics, needs, and preferences. More specifically, the costs associated with group benefit plans are affected by such factors as the age, family circumstances, and health status of all of the employees in the group, and each employer must design its benefits to appeal to all types of employees that it needs to retain and recruit.

The fact that health-insurance and retirement benefits are obtained by groups of employees through their employers also has a profound effect on the design of government policies related to the financing of health care and retirement. First, many government policies in these areas are directed at employers and their decisions about benefit offerings, rather than at individual employees. Second, the effects of many government policies on employees and their families depend not only on the individual characteristics of the employee, but also on the characteristics of the group of employees who work for the same employer. Third, whether legislation should be aimed at employers or individuals is often a critical issue in the design of government policies in these areas. Thus, for example, subsidies for both individuals and employers have been proposed to expand health-insurance coverage for the uninsured.

Under these circumstances, informed policymaking with respect to health insurance, pensions, and other employee benefits requires data not only about the characteristics of employers and the characteristics of employees, but also about the group of employees who work for each employer and the group of employees who work with each employee. Unfortunately, the information about employment groups that is currently available from employer and employee surveys is generally much too limited to address the relevant policy questions.

Given the analytic importance of linking data about employers to data about employees, and the severe limitations of existing employer and employee surveys in this regard, the Office of the Assistant Secretary for Planning and Evaluation (ASPE) in the U.S. Department of Health and Human Services and the Pension and Welfare Benefits Administration (PWBA) in the U.S. Department of Labor (DOL) commissioned RAND to study the design and feasibility of an employer workforce survey. RAND subcontracted with Westat, Inc., another nationally recognized survey research organization with experience collecting data from employers and employees, to assist in developing and evaluating alternative data-collection designs.
SURVEY CONCEPT

An employer workforce survey would involve collecting information from a representative sample of employers about the employer (including size and industry), fringe-benefit offerings and enrollment, and whatever workforce characteristics the employer can provide (perhaps, for example, the split between full-time and part-time workers, wage distribution, turnover rates, and union membership). The data collected from each employer would be supplemented by interviews with a representative sample of the employer’s employees. The employee interviews would provide critical information about employees that is not readily known to or quantified by the employer, such as family income; education and work experience; the employment status and fringe benefits of the employee’s spouse; pension benefits from prior employment; and the health-insurance status, health, and health-service utilization of family members. Even if these employee characteristics are not observed by employers, they presumably influence preferences about fringe benefits among employees that employers do observe and take into account in their benefit offerings.

At the employer level, without the second-stage employee interviews that are the distinguishing feature of a workforce survey, the data-collection effort would be quite similar to a number of existing surveys, including the National Employer Health Insurance Survey (NEHIS); the Employee Benefit Survey (EBS); the Employment Cost Index (ECI); and the employer survey that the Robert Wood Johnson Foundation (RWJF) funded in 1993 and the 1996 survey that it is currently funding to support RAND’s evaluation of state health reforms and the tracking efforts of the Center for Studying Health System Change. Therefore, it would be possible to conduct the employer workforce survey as a supplement to one of these existing surveys, either adding the employee interviews to the employer interviews in the current sample or expanding the sample to additional employers to accommodate the workforce survey. (Before pursuing the former strategy, careful consideration should be given to the potential effect of the burden of the employee interviews on response rates for the current establishment sample.)

PLAN OF THE DESIGN AND FEASIBILITY STUDY

Phase 1 of RAND’s design and feasibility study concentrated on specifying and prioritizing the analytical goals of an employer workforce survey. ASPE invited health researchers and health-policy analysts from a variety of public and private organizations to a meeting in December 1996 to obtain their input on the types of policy issues and analyses that a workforce survey should address.

In preparing an initial statement of analytic goals for delivery to ASPE and DOL in January, the RAND project staff also conducted a separate meeting with analysts at the Agency for Health Care Policy Research who are involved in the design and integration of the Medical Expenditure Panel Survey and the NEHIS. On pension and retirement issues, we consulted with several individuals involved in a recent report by the National Academy of Sciences (NAS) on the data and analyses that are needed for the assessment of policies for retirement income (Citro and Hanushek 1997).
RAND’s initial statement of analytic goals was shared with a wide group of researchers and policy analysts for their reaction and comment. A revised statement of analytic goals, reflecting these comments, is included as Section 2 of this final report. Among those consulted at this stage were labor and health economists at RAND and the Urban Institute who are associated with the Center for the Study of Employee Health Benefits, the RAND staff who are involved in the RWJF employer surveys, the organizations and individuals who were invited to the December meeting, other experts in health and retirement issues, and the feasibility study's government sponsors. (See the names listed in the acknowledgments.)

To show in more concrete terms how the workforce survey would address the analytical goals that are described in Section 2, Appendix A provides a relatively comprehensive list of the data items that would need to be obtained in the interviews with employers and employees in order to meet all of these goals.

Phase 2 of RAND’s study dealt with design options, feasibility, and estimating the cost of fielding an employer workforce survey. Both sampling and data-collection issues were explored in this context and are discussed in Sections 3 and 4, respectively. The protocol that RAND and Westat used in focus groups with employer representatives, as part of the design effort, is reproduced in Appendix B. The proceedings of the two focus groups are summarized in Appendixes C and D. Section 5 deals with survey costs. Section 6 summarizes the study’s conclusions and recommendations with respect to the design and feasibility study of an employer workforce survey.
2. ANALYTIC GOALS OF AN EMPLOYER WORKFORCE SURVEY

INTRODUCTION

The unique and distinguishing feature of an employer workforce survey is its ability to characterize the group of employees who are associated with a particular employer. Only a workforce survey will allow researchers to answer a fundamental set of questions that have gone largely unaddressed because of the lack of suitable data. These questions have to do with the effect of group characteristics on the availability, cost, and design of fringe benefits from different employers.

In the simplest economic terms, given that health-insurance and pension benefits are supplied by employers to groups of employees who demand these fringe benefits, a workforce survey is the key to analyzing the economic units that operate on the demand side of the fringe-benefit "market." Moreover, because the cost of providing insurance or pensions to an employee group varies with the age, health, and other characteristics of the group, a workforce survey is an important source of information about variations in costs on the supply side as well.

The central goal of an employer workforce survey is to help researchers and policymakers understand and anticipate the effects of public policies and other social or economic forces that operate on collective, rather than individual, insurance purchases and pension arrangements.

We propose that questions dealing with the effects of group characteristics on the availability, design, and cost of group benefits should be the first priority in designing a workforce survey.

Other surveys (for example, the Medical Expenditure Panel Survey on health-care issues and the Health and Retirement Survey on retirement and pension issues) link data about individual employees to data about employer benefit offerings and employer characteristics. These data are well-suited to studying the behavior of individual employees with respect to participation in employer-sponsored health-insurance and retirement plans, as well as labor supply and retirement decisions.

Given that a workforce survey will necessarily collect data from individual employees, analyses of the behavior of individual employees are certainly possible. However, analyses that rely exclusively on individual data that are or could be obtained in other ways should be given a lower priority in designing a workforce survey.

FUNDAMENTAL QUESTIONS

While specific policy issues and analyses requiring data about employee groups are discussed below, virtually all of these policy questions would be informed by the development of fundamental, behavioral models of employer benefit offerings that take account of both
employer and workforce characteristics. These models would necessarily consider the trade-offs between wages, health insurance, pensions, and other fringe benefits in the design of compensation packages; each employer's interest in minimizing compensation costs and maximizing workforce productivity; and each employee's interest in working for an employer that offers a compensation package that the employee finds appealing.

Notice that the characteristics of each employer's workforce are neither exogenously determined nor immutable when viewed from this perspective. The mix of employees who are drawn to an employer is partly a function of that employer's compensation package. The characteristics of an employer's workforce may well change over time and in response to policy changes.

In short, the makeup of each employer's workforce—like the makeup of each employer's compensation package itself—is simultaneously determined by the interaction of demand and supply factors over time. This observation has several potentially important implications for the design of a workforce survey.

First, longitudinal data (with repeated observations on the same sample of employers) would be very helpful in fully understanding the effects of policy changes and the factors influencing benefit offerings. Situations in which employee groups are observed before and after significant policy changes are natural experiments that one would particularly want to analyze.

Second, even if cross-sectional in design, a workforce survey should pay special attention to retention, recruitment, turnover, tenure, and workforce dynamics.

Third, an ideal sample design would allow one to test whether employers drawing from the same labor pool attract different types of employees as a function of interemployer differences in wage and benefit offerings. Testing whether employees systematically sort themselves among employers in this way would require a large enough sample of employees in the same market to characterize the common pool, as well as employer-specific samples to characterize employer groups.

Finally, a workforce survey should be designed to identify (in a statistical sense) structural relationships corresponding to employer and employee decisions. Identification requires a set of variables that influence employer decisions but not employee decisions, and vice versa. Variables that alter the cost of providing health insurance or pensions are the most likely candidates on the employer side, including (1) state-specific regulations or tax policies, (2) industry-specific differences in production technology and inputs (as reflected in firm size, skill and occupational mix, and seasonal variation in labor requirements), (3) whether a local employer is part of a larger enterprise and the characteristics of that enterprise, and (4) characteristics of the local health-insurance and health-care market. On the employee side, identification will rest on factors that affect the demand for health insurance and pensions among employees, such as the availability of benefits from other sources, income other than wages that is available to employees, and the health status of employees and their family members.

The large and increasing number of two-worker families in the U.S. economy introduces special analytic and data-collection challenges in this context. One of the most
important factors affecting an employee's demand for fringe-benefit plans from his or her own employer is the availability, cost, and design of the fringe benefits (if any) available from a spouse's employer. Ideally, an employer workforce survey would provide as complete a picture of the employment, wages, fringe-benefit offerings, and participation decisions of the spouses of employees in the group as for the employees themselves.

Also, the answers to subjective questions may be as important as objective information in modeling, understanding, and predicting both employer and employee behavior. From an econometric perspective, accounting for differences in attitudes, expectations, and perceptions among employers or employees should help to reduce unexplained variance and to identify structural models. Thus, for example, the Health and Retirement Survey has developed a battery of questions concerning individual attitudes toward risk, subjective life expectancy, time preference, and views of other matters that are relevant to savings and retirement behavior. Attitudinal questions were also included in the 1987 predecessor to the Medical Expenditure Panel Survey and have been useful in analyzing the demand for health insurance by individuals. Whether or not employers have an accurate perception of employee preferences and employee satisfaction with the employer's benefit offerings is an important question that a workforce survey is uniquely suited to address, although there may be both conceptual and operational difficulties identifying the person who can best speak for the perceptions of "the employer."

In offering a single benefit package to a group of employees, employers have to reconcile competing or conflicting demands from different types of employees. One solution to this problem is to offer choices (of different health plans, for example). This leads to the hypothesis that employers are more likely to offer choices when their employees are more heterogeneous. In the absence of choices, some economists (Goldstein and Pauly, 1976) have assumed that the majority rules; this implies that the preferences of the median (swing) voter determine the benefits for the group. Other economic models might suggest that employers give greater weight to the preferences of employees who are particularly difficult to recruit or retain. These hypotheses imply that distributions of employee characteristics and the preferences of key subgroups, as well as group means, are likely to be important in modeling employer benefit decisions.

POLICY QUESTIONS

Beyond the overarching need to understand and measure the effects of economic forces, public policies, and other factors on employer and employee benefit decisions, there are a number of specific policy questions that might guide the design of a workforce survey. In what follows, we describe four issue areas for which we need data about the distribution of employee characteristics within and among employer groups to guide health policymaking. We also identify some of the important policy decisions relating to retirement income security that could be informed by data of this type.

Although this list of health and retirement policy questions does not enumerate all of the important questions that could be addressed with data from a workforce survey, the list is intended to call attention to the most important and to illustrate the range of data items
that might be needed. The intention here is to be comprehensive rather than selective. In Section 6, given the sampling and operational constraints discussed in the preceding chapters, we return to the question of analytical goals and offer some recommendations about analytic priorities.

**Health Policy Issues**

**Pooling and Segmenting Employer Groups by Expected Claims.** A number of important health policy issues are concerned with the pooling and segmenting of claims risk among employer groups. Because group-health-insurance premiums are typically based on each group’s expected claims, premiums vary from group to group as a function of health and demographic differences between groups. This variability is greatest among small groups, because the variability of any group average is inversely proportional to group size. For that reason, health-insurance reforms that are designed to reduce the variation in premiums in the small-group market have been a high priority for state policymakers. However, when claim costs are pooled across employer groups (as when insurers are required to quote the same, community-rated premium for everyone), older and sicker groups benefit from lower premiums at the expense of younger, healthier groups who pay more for their insurance.

Some of the most pressing policy questions in this area include the following:

- Who wins and loses from partial or complete community rating of employer-sponsored health insurance? How does community rating affect employer offerings of and employee enrollment in health-insurance plans?
- Will more employers self-insure to avoid community-rating and other state insurance reforms? If so, how will premiums in the insured market be affected?
- If younger and healthier workers are particularly attracted to Medical Savings Accounts, how will the availability of Medical Savings Accounts affect premiums for other plans?
- How might changes in the rules governing the formation of association plans affect the premiums of other small employers?

To address these questions, the workforce survey will need to collect information about the age, health status, health-insurance coverage, and health-care utilization of workers and their family members. This information can be transformed into estimates of health-care expenditures with matching or modeling techniques that link it to an outside source of expenditures or claim data (most likely, the Medical Expenditure Panel Survey).

**Cost and Coverage Estimates for Voluntary Insurance Subsidy Programs.**

Most people with private health insurance in the United States obtain their coverage through employers. At the same time, most of the uninsured are either workers or dependents of workers. Under these circumstances, efforts to bring coverage to the uninsured must build either on or around the employment-based system, leading to the following questions:
• What are the cost and coverage implications of offering subsidies to employers versus to employees?
• Will an expansion of public health-insurance programs or subsidies for low-income families “crowd out” employer-sponsored coverage and premium contributions?
• Are employers likely to reconfigure their workforces (by spinning off operations, contracting out, hiring different types of employees) to take advantage of health-insurance subsidies offered to them or their workers?

To address these questions, the workforce survey will need to identify whatever employer or employee characteristics are likely to be used as eligibility criteria in health-insurance subsidy proposals. On the employer side, these criteria frequently include size, prior history of offering insurance, and wage structure. On the employee side, eligibility for Medicaid is currently a function of family income, assets, and family structure. Eligibility for new subsidy programs is likely to depend as well on whether a person or family is currently uninsured, the length of time without insurance, and the availability of coverage from other sources. Information about dependents will also be important, as government programs often specifically target children and pregnant women.

Given the possibility of securing labor services through different contractual relationships, the workforce survey should take the broadest possible view of “workforce” and should identify consulting arrangements, labor contracts, and temporary workers to the extent feasible.

Changes in Tax Policy. Federal and state tax policies currently offer incentives for employers to sponsor and pay for health insurance on their employees’ behalf. The exclusion of employer-paid premiums from the taxable income of employees has often been criticized for encouraging overly comprehensive health insurance. Recently enacted changes to the Federal tax code extended the tax-exclusion to out-of-pocket expenses paid through Medical Savings Accounts, in hopes of encouraging more workers to buy so-called “high deductible” health-insurance plans. Thus, the following questions apply:

• How many of what kinds of employers would change their health-insurance offerings if their employees had to pay income tax on all or part of the employer’s premium contributions?
• How many of what types of employers are likely to offer Medical Savings Accounts?
• How many of what types of employees are likely to opt for individual Medical Savings Accounts instead of participating in a Medical Savings Account or health-insurance plan sponsored by their employers?

Although nondiscrimination rules generally require employers to offer similar benefits to similar types of employees to qualify for favorable tax treatment, the effect for individual employees of including or excluding fringe benefits from taxation depends on each employee’s
marginal tax rate (which depends, in turn, on family income). In addition, family income is generally regarded as the most appropriate way of means-testing health-insurance subsidies and other government programs. Consequently, especially in an economy with a large and increasing number of two-worker families, family income (as opposed to the wages earned by individual workers) is one of the most important data items to be obtained in the workforce survey.

Marginal tax rates also depend on whether the taxpayer itemizes deductions and deduction amounts. Generally, the most significant deduction is for home mortgage interest. Consequently, a few questions about home ownership, or other items that would improve the estimation of tax liabilities, might be considered for the survey. Fielding the workforce survey in the spring, around the time when income taxes are filed, would likely improve the quality of the income and tax-filing data as well.

Encouraging and Managing Competition Among Plans Within Groups. As demonstrated in the 1994 debate over national health-care reform, Americans value the freedom to choose their health-care providers and their health plans. For this reason, and because employees in different circumstances are likely to prefer different types of plans, large and medium-sized employers are likely to continue offering more than one health-plan option. Where multiple options are offered, both employers and employees have an interest in making sure that employees enroll in the plans that offer the best value for the money and that competition among plans helps to hold down premiums and encourage quality. An alternative possibility is that plans will mainly compete to attract the best risks within the group, leaving the least healthy and most vulnerable members of the group in inordinately expensive or financially unviable plans.

In trying to make sure that meaningful choices are available within employer groups and that competition actually works to the group’s benefit, employers and policymakers need answers to several outstanding questions:

- How does the structuring of employer premium contributions affect plan choices and premium costs?
- What are the savings associated with different types of plans, after controlling for differences in enrollment?
- What risk-adjustment or risk-management strategies are needed to preserve meaningful choices and to encourage competition on price and quality?

To compare and contrast the types of employees who enroll in different plans, it may be necessary to sample employees by plan systematically. Analytical methods that correct for choice-based sampling would then have to be used in modeling plan choices. Some information about tenure in the group, tenure in the plan, and established relationships with particular physicians would be helpful in modeling and understanding the implications of plan selection.
Retirement Policy Issues

With the aging of the baby boomers, the forecast shortfalls in the Social Security and Medicare trust funds, and the shrinking ratio of active workers to retirees, retirement security is sure to have a prominent place on the public policy agenda.

According to the NAS (Citro and Hanushek, 1997), the biggest hole in existing analytic capabilities relating to retirement-income security is the lack of data and behavioral models to describe decisions employers make about retiree benefits. Thus, the NAS committee that identified needs for data, analysis, and models to inform policy decisions about pensions and savings programs, retirement, and Social Security recommended a strong commitment to developing a better understanding of employer benefit decisions. In short, the fundamental questions that were described earlier—which relate benefit design and benefit offerings to employer and workforce characteristics—are as badly needed in the development of retirement policy as in the development of health policy.

Just as health-policy concerns dictate that the workforce survey collect information from employees about health status and health care utilization, the survey will have to collect additional data that relate particularly to retirement planning if it is to address policy concerns in the retirement area. Specifically, information on the assets and accumulated savings of employees is likely to be important, as will their rights to pensions (or health insurance) from prior employment, their participation in and contributions to pension and savings plans offered by their current employer, and their spouse’s access to and participation in pension and savings plans.

Retiree Health Benefits. One of the biggest “wild cards” for both workers and policymakers who are worried about retirement security is the cost of health care. In this area where health and retirement policy concerns overlap, the following policy questions can be anticipated:

- How will employers modify their retiree health plans in response to changes in Medicare benefits or the age of Medicare eligibility?
- How will employers modify their retiree health plans in response to health-insurance reforms (such as community-rating requirements, subsidy programs, and continuation or conversion guarantees) that give retirees under the age of Medicare eligibility access to individual insurance on more favorable financial terms than in the past?

Employer Demand for Older Workers. Employees who retire at older ages have more time to accumulate savings and pension benefits (and contribute to Social Security) and do not need to spread their retirement savings over as many years. However, firms that employ older workers are likely to see some loss of productivity, while adding to the cost of their health-insurance benefits and their short-term pension liabilities. This leads to the following questions:
• How will firms be differentially affected by proposed changes in Social Security or Medicare (such as raising the eligibility age or reducing benefits), especially as a function of the age distribution of their workforces?
• Will governmental efforts to encourage workers to contribute longer to Social Security and postpone the receipt of benefits be thwarted by employers’ desire to retire older workers?
• Would relaxing nondiscrimination rules to allow employers to modify their benefit plans for older workers facilitate governmental efforts to keep people working longer? What are the likely adverse effects on workers?

Changes in Tax Policy. As in the health area, one of the favorite legislative strategies for encouraging employer-sponsored retirement benefits is to offer a tax break to employers or employees. As with employer-paid health benefits, any tax break that involves the personal income tax is more valuable to higher-income employees and should differentially affect the benefit offerings of employers with more highly paid workforces. While some taxes are likely to be reduced in offering these incentives, Social Security taxes are likely to be increased to finance Social Security benefits for the baby boomers.

Proposed tax changes that would have to be evaluated in light of their differential effect on certain employers and the consequences for employer retirement plans include the following:

• Eliminating the current ceiling on earnings that are subject to employer and employee Social Security taxes ($65,400 in 1997); many employers currently tailor their pension contributions around this ceiling
• Eliminating the disparity in tax treatment of employee contributions to defined benefit pension plans (which are paid from after-tax income) and defined contribution plans (which are paid from pretax income)
• Liberalizing the rules governing Individual Retirement Accounts to encourage more savings.

Savings and Pension Contributions by Individual Workers. Without abandoning our recommendation that the workforce survey concentrate on issues for which the distribution of employee characteristics within and among employer groups is central, we note that the NAS has also called for a concerted effort to improve understanding of the decisions made by individual employees with respect to participation in employer-sponsored savings and pension plans. According to the NAS, this area has received far less attention than the retirement decision itself. As many middle-aged workers are apparently approaching retirement with far too few assets to continue their current standard of living, it is certainly a central issue affecting retirement-income security. Extending the employee-level data collection in the workforce survey to facilitate analyses of employee participation in savings and pension plans is consequently worth considering when the trade-offs among competing analytic priorities are considered.
3. SAMPLE DESIGN

INTRODUCTION

A number of sampling questions must be addressed in designing a workforce survey. An overview of these questions is given below; the remainder of the section discusses each in turn:

- Given that markets for both labor and health care are primarily local, should the workforce survey be designed to make estimates for a relatively small number of local areas, or should national estimates be the primary goal?
- Should “employers” be defined and sampled as national enterprises (also known as “firms”) or as local branches (also known as “establishments”)?
- Should certain types of employers be oversampled?
- How should “employees” be defined?
- How many employees should be sampled per firm?
- Should certain types of employees be oversampled?

LOCAL VERSUS NATIONAL ESTIMATES

Because markets for labor and health care are primarily local, there is great analytic advantage in being able to relate each employer’s benefit offerings to the benefits offered by its competitors in a local market. For example, one could identify employers who are benefit leaders and laggers in this context, determine whether employees systematically sort themselves across employers with different benefit offerings, examine the dispersion of premiums and health risks across employers in the market, and calculate community-rated premiums.

A heavily clustered, local sample could have operational advantages as well. One of the biggest challenges in fielding a workforce survey will be to get employers to cooperate with a survey that will be fairly burdensome. If the sample is clustered in a few local areas, it may be easier to work with the local business community and other opinion leaders to achieve the level of cooperation that is required. Also, if the data-collection procedures involve any in-person contacts or interviews with the employers, geographic concentration of the sample will reduce the cost of visiting many different employers. Locating the sample in a relatively few geographic areas would also reduce the cost of obtaining secondary data to characterize local market conditions.

However, there are two potential problems with a heavily clustered sample. The first is that findings based on a relatively few local areas may not be generalizable to the national experience. For that reason, findings from analysis of local-area data may be viewed as inadequate for national policymaking. The second problem is that limiting the sample to a few communities may not yield enough variation in public policy variables (considering
states that have implemented different types of health insurance reforms, for example) to study the effect of public policies on benefit offerings and participation.

Careful selection of the local areas could ensure adequate variation in market and policy characteristics and might be more efficient for testing specific hypotheses than a national probability sample. Where the emphasis in undertaking a workforce survey is on behavioral modeling, observed departures from a nationally representative sample are of much less concern than unobserved biases.

Nevertheless, judging from the comments that we have solicited on this subject, there is great interest in local clustering and great reluctance to give up on a national probability sample. Consequently, we concentrate here on a sampling plan that offers both. In this respect, our recommended design for a workforce survey mimics the approach adopted in the RWJF's effort to track health-system change. That sampling design clusters a large part of the nationally representative sample in 12 communities and then allocates the rest of the sample to facilitate national estimates (Kemper et al., 1996).

Important issues that follow from this decision include

- How should local areas be defined?
- How should high-intensity local areas be selected?
- How many high-intensity areas should be used?
- What proportion of the employer sample should be allocated to high-intensity areas?
- How many total employers should be sampled?

We recommend that local areas be defined as Metropolitan Statistical Areas (MSAs). Smaller local areas would be covered with the remainder of the sample. Given that relatively few local areas could be studied in sufficient detail to address the questions of interest, it is recommended that the local communities be deliberately selected to maximize variation in relevant public policy variables, rather than be randomly sampled. While moderate cases should be included, this should be done in such a way as to overrepresent policy extremes. Finally, given that the 12 MSAs that RWJF selected are being intensively studied in a related effort, we recommend that these 12 communities be excluded from consideration as our selected local areas, so that respondent burden is not overwhelming for firms that might otherwise be sampled in both efforts.

The questions of how many MSAs to use for the high-intensity areas, how many total employers to sample, and how to apportion the sample between the high-intensity and nationally representative parts of the survey are all interrelated. One approach would be to limit the number of MSAs to the smallest number that would allow adequate coverage of the range of policy variables (perhaps 6–10), then allocate to each the minimum sample size that would yield adequate within-site comparisons (perhaps 120–200), and finally allocate sufficient sample size to the national portion (perhaps 800). Because no on-site presence is needed, the last would be sampled directly from the national employer frame to eliminate design effects that would be induced by clustering. Even if intraclass correlations were quite
low, sampling by MSA for the national sample could result in substantial design effects. The recommended approach would result in a total of 2,000 employers (1,200 for high-intensity market analysis, 800 for the nationally representative sample). If budgetary constraints preclude the use of as many as 2,000 employers, one of the two goals of national representativeness and the ability to analyze local markets might have to be abandoned.

Below, we discuss the precision of estimates and the power of tests for workforce variables measured without sampling employees, such as those obtained directly from the employer. To facilitate this discussion, we will consider two hypothetical variables (A and B) that are meant to represent the types of variables we would actually be measuring. Both variables A and B measure the proportion of the workforce that has a characteristic of interest for a given employer. Variable A varies widely across firms, with a mean of 50 percent and a standard deviation of 20 percent. Variable B is more consistent across firms, with a mean of 30 percent and a standard deviation of 5 percent. Both variables are assumed to be normally distributed across employers.

Table 3.1 concerns the nationally representative sample of 800 employers. The first column reports the 95-percent confidence intervals for the means of variables A and B nationwide. Note that any employer that fell outside of these bounds could be distinguished from the nationwide average at p = 0.05. In many instances, it may be desirable to test whether the workforces of two groups, defined on the basis of an employer or workforce characteristic, such as industry or size, differ on key variables (represented here by A and B). The ease with which this can be done depends on the relative size of the two groups. The second column illustrates the differences required between two equally sized subgroups on variables A and B for there to be 80-percent power to detect the difference at p = 0.05. The third column is similar to the second, except that it involves comparing a 10-percent subgroup to the remainder of the population. It should be noted that oversampling of certain types of employers would result in design effects that would diminish the power and precision illustrated below somewhat.

For local markets, we consider three allocations of the 1200 employers: ten markets of 120 employers each, eight markets of 150 employers each, and six markets of 200 employers each. Additionally, to illustrate the gains in precision and power afforded by a larger sample, we also consider six markets of 400 employers each (2,400 employers for local markets, 3,200

<table>
<thead>
<tr>
<th>Variable</th>
<th>95% Confidence Interval for Means</th>
<th>Distinguishing Subgroups of Equal Size$^a$</th>
<th>Distinguishing a 10% Subgroup$^a$</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>48.5–51.5%</td>
<td>48.0 vs. 52.0%</td>
<td>44.0 vs. 50.5%</td>
</tr>
<tr>
<td>B</td>
<td>29.5–30.5%</td>
<td>29.5 vs. 30.5%</td>
<td>28.0 vs. 30.0%</td>
</tr>
</tbody>
</table>

$^a$80% power, p = 0.05. Entries rounded to the nearest quarter percent.
total). Table 3.2 illustrates comparisons within a single local market for hypothetical variables A and B under each of the four allocations. Again, only variables measured without sampling of employees are considered here. As would be expected, the power and precision within a single market are substantially less than what is possible nationally but are still quite reasonable for many purposes, including “profiling” the place of an employer’s workforce within the local market. As in Table 3.1, the third column illustrates the 95-percent confidence intervals for the means of variables A and B, but for the given local market. Note that any workforce that fell outside of these bounds could be distinguished from the average for that MSA at \( p = 0.05 \). The fourth column is also similar to the third column of Table 3.1, comparing two subpopulations of equal size within a given MSA. No column in Table 3.2 compares a 10-percent subpopulation to the remainder within a single MSA, because such a comparison would have poor power.

Finally, Table 3.3 illustrates comparisons between MSAs, which might be made on the basis of policy variables. The third column illustrates the differences between two individual MSAs that could be distinguished at \( p = 0.05 \) with 80-percent power. The fourth column is similar, but refers to a comparison of half of the MSAs with the other half. Variables A and B are used to illustrate all four sample allocations. Again, oversampling of certain types of employers would lessen the power and precision illustrated in Tables 3.2 and 3.3.

We feel that 2,000 employers provide adequate power for the purposes of the survey, although it should be reiterated that design effects from oversampling of certain types of employers may diminish the precision described above in some instances. It should also be noted that the above estimates refer only to workforce characteristics available directly from the employer, not those obtained from sampled employees.

**Table 3.2**

**Precision and Power for Workforce Characteristics of Employer Subgroups, Within a Single MSA**

<table>
<thead>
<tr>
<th>Allocation</th>
<th>Variable</th>
<th>95% Confidence Interval for Means</th>
<th>Distinguishing Subgroups of Equal Size*</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 MSAs of 120</td>
<td>A</td>
<td>46.5–53.5%</td>
<td>45.00 vs. 55.00%</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>29.0–31.0%</td>
<td>28.50 vs. 31.50%</td>
</tr>
<tr>
<td>8 MSAs of 150</td>
<td>A</td>
<td>46.5–53.5%</td>
<td>45.50 vs. 54.50%</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>29.0–31.0%</td>
<td>28.75 vs. 31.25%</td>
</tr>
<tr>
<td>6 MSAs of 200</td>
<td>A</td>
<td>47.0–53.0%</td>
<td>46.00 vs. 54.00%</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>29.0–31.0%</td>
<td>29.00 vs. 31.00%</td>
</tr>
<tr>
<td>6 MSAs of 400</td>
<td>A</td>
<td>48.0–52.0%</td>
<td>47.25 vs. 52.75%</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>29.5–30.5%</td>
<td>29.25 vs. 30.75%</td>
</tr>
</tbody>
</table>

*80% power, \( p = 0.05 \). Entries rounded to the nearest quarter percent.
Table 3.3
Precision and Power for Characteristics of Employer Subgroups, Comparing MSAs

<table>
<thead>
<tr>
<th>Allocation</th>
<th>Variable</th>
<th>Distinguishing one MSA from another&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Distinguishing one half of the MSAs from the others&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 MSAs of 120</td>
<td>A</td>
<td>46.25 vs. 53.75%</td>
<td>48.25 vs. 51.75%</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>29.00 vs. 31.00%</td>
<td>29.50 vs. 30.50%</td>
</tr>
<tr>
<td>8 MSAs of 150</td>
<td>A</td>
<td>46.75 vs. 53.25%</td>
<td>48.25 vs. 51.75%</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>29.00 vs. 31.00%</td>
<td>29.50 vs. 30.50%</td>
</tr>
<tr>
<td>6 MSAs of 200</td>
<td>A</td>
<td>47.25 vs. 52.75%</td>
<td>48.25 vs. 51.75%</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>29.25 vs. 30.75%</td>
<td>29.50 vs. 30.50%</td>
</tr>
<tr>
<td>6 MSAs of 400</td>
<td>A</td>
<td>48.00 vs. 52.00%</td>
<td>48.75 vs. 51.25%</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>29.50 vs. 30.50%</td>
<td>29.50 vs. 30.50%</td>
</tr>
</tbody>
</table>

<sup>a</sup>80% power, p = 0.05. Entries rounded to the nearest quarter percent.

ENTERPRISES VERSUS ESTABLISHMENTS

If the decision is to concentrate on local market areas, this issue will automatically be decided in favor of sampling establishments (as enterprises are not necessarily limited to a particular local area). In some multiestablishment firms, decisions about benefit offerings are centralized; in others, they are not. Consequently, there is no simple way to identify correctly the employee group that is relevant to benefit decisions.

While focusing on establishments introduces some error in this respect, that approach is probably preferable to focusing on enterprises. Because health maintenance organizations (HMOs) often serve limited geographic areas, HMO options are likely to vary by establishment even in firms with centralized benefit management. Other benefits may also vary within firms that have centralized benefit management. This means that it will be less burdensome to enumerate the benefits offered within a single establishment than across all of the establishments in a firm. Staying within an establishment also means that all of the benefits that are enumerated are indeed available to the employees who are sampled (subject to additional limitations on eligibility for part-time workers and the like). Going across establishments in a firm, it is much more difficult and complicated to keep track of which benefits are available to whom.

If employers are sampled at the level of establishments, establishments that are part of a larger enterprise merit special treatment. In particular, the data-collection plan should incorporate procedures for collecting some data about the firm from a suitable respondent (who may not be located in the sampled establishment). Thus, for example, one would undoubtedly want to know how many employees work for the firm associated with each establishment. One might also collect data about the number of different states in which the firm operates, whether benefit decisions are centralized or localized, and the firm's benefit-design strategies. Also, the respondent for the enterprise may be able to provide some workforce characteristics (for example, the proportion of employees who are nearing
retirement or the distribution of wages) at the level of the enterprise. As described in more
detail in Section 4, the Dun and Bradstreet file has the necessary linkages between firms and
their establishments to facilitate these kinds of procedures for multiestablishment firms.

When the employees of an establishment obtain their health insurance and pensions
through a sponsor other than the employer, such as a union, a data-collection strategy
similar to that used in obtaining data about the enterprise could be used to obtain data about
the sponsor.

Surveys that sample establishments often find that it is necessary to go to the
enterprise (or some other central location) to obtain all of the data items that are wanted for
the establishment. Moreover, one of the complications of an establishment survey is that
special procedures are needed to make sure that requests for information that emanate from
several establishments of the same enterprise are coordinated. Consequently, beginning
with a data-collection plan that anticipates contacting multiple respondents to obtain data at
both the establishment and enterprise levels may not add a lot to survey costs.

OVERSAMPLING CERTAIN TYPES OF EMPLOYERS

In theory, sampling employers with equal probability maximizes power for population
estimates of means or proportions, except in those cases in which variation tends to be
concentrated in employers and workforces with certain characteristics. In the latter case, or
if the primary goal is to model employer decisions and the group-level behavior of the
workforce, oversampling extreme cases provides more statistical information. Below, we
describe two instances in which these trade-offs might be desirable to make. In both cases,
the Dun and Bradstreet file provides the information to allow a priori oversampling of the
described groups.

Size

Employers of all sizes will be of interest in a workforce survey. Small employers are
likely to exhibit more extreme variation in workforce characteristics, are the focus of many
health-insurance and pension-reform efforts, and generally offer less-generous fringe
benefits. Large employers are generally the innovators in benefit design, are more likely to
offer health-insurance and pension benefits, and are more likely to offer choices of health-
insurance plans.

Because the vast majority of establishments are small, it will probably be necessary to
oversample larger employers to have an adequate representation of them. The more that the
analytic plans for the workforce survey emphasize the design of pension and health-
insurance plans (in contrast to whether they are offered at all) or employee choices in a
multi-option context, the greater should be the emphasis on large employers in designing the
sample.

Furthermore, even though the emphasis of this survey is on modeling at the workforce
level, rather than at the employee level, employers who account for a substantial proportion
of employees must be well represented. For example, if Seattle were a high-intensity MSA, a
sample that did not include Boeing would not credibly describe the market.
Preliminary analyses 1993 RWJF survey found that sampling employers from Dun and Bradstreet Market Indicator File with probability proportionate to the three-fourth power of employer size increased the representation of large employers to levels that were acceptable for their purposes with only moderate design effects (RWJF, 1996). In this case, we might want to sample with probability proportionate to the square root of size. This would all but ensure that extremely large firms would be included, as well increasing the proportion of large firms in general. An alternative would be to define size strata explicitly and to oversample within these. If at all possible, oversampling by size should be performed within each of the high-intensity MSAs.

Finally, apart from sampling issues, it is strongly recommended that national or site-level estimates (such as means and proportions) be reported in terms of the proportion of affected employees, not in terms of the proportion of firms. For example, one might report that 37 percent of employees have a choice of health plans. Doing this involves using analysis weights that are proportionate to employer size. These analysis weights may differ from sampling weights.

**Multiestablishment Firms**

Analysis of the 1993 RWJF survey indicated that intrafirm correlation of benefit offerings across establishments of the same firm is quite large, according to informal communications with RAND staff who were involved in that effort. Consequently, the 1996 RWJF survey employs a multistage design that groups together all of the establishments of the same enterprise that are located in a geographic area. These groups are randomly selected at the first stage, then one establishment from the group is selected at the second stage. Thus, establishments of multiestablishment firms are deliberately underrepresented in this sampling design, because sampling additional establishments of the same firm does not add as much information about employee benefits in the area as sampling additional free-standing establishments.

On the other hand, understanding the division of decisionmaking responsibility between establishments and enterprises seems to be important in modeling the behavioral relationships that determine benefit offerings. To study this phenomenon more closely, it may be necessary to oversample establishments that are part of larger enterprises.

In either event, even if the sampling plan does not call for special treatment of multiestablishment enterprises, it will be important for data-collection and analytic purposes to identify establishments that are part of larger enterprises and their parent organizations. Furthermore, if this information is to facilitate the handling of multiestablishment cases in the field, it will be needed in advance of the data-collection effort.

**DEFINING “EMPLOYEES”**

Employers seem to be adopting a wider and wider range of strategies to meet their labor demands. Some contract out services instead of hiring internally. Others rely on temporary or seasonal workers instead of permanent employees. These types of decisions and fringe-benefit policies are often related. Consequently, the workforce survey should cast
a broad net in collecting data about the people who work for an employer, either directly or indirectly as contractors and consultants.

At the same time, the options for defining an employer’s “workforce” are constrained by the intention to sample and collect data from employees. Since we expect the employer’s payroll system to be the best source of an employee sampling frame (see the discussion in Section 4), we propose defining “employees” as workers who receive their paychecks directly from the employer.

Defining and counting employees in terms of the workers currently on the employer’s payroll is consistent with the approach used in the 1996 RWJF survey, the Employee Benefit Survey, and the National Employer Health Insurance Survey. Employees of temporary agencies and independent contractors are excluded in these surveys. Temporary and seasonal workers are generally included with permanent employees, although the Employee Benefit Survey excludes temporary employees who do not work for the firm on a recurring basis. In the RWJF survey, questions that are intended to characterize the workforce in terms of age, wage rate, and gender refer to permanent employees only. All three surveys measure employment at a point in time (“now” or on a specified reference date), rather than over the course of an accounting period such as a year.

While the definition of “employee” and the employee-level data collection would be confined to the workers who are on an employer’s payroll, questions about the use of consultants and on-site contractors would be asked in the employer survey to give a picture of the employer’s “total” labor force from all source.

Also, employers who specialize in providing labor services to other firms might be given special consideration in selecting the employer sample. With our proposed approach to defining and sampling employees, the wages and fringe-benefits of contracted workers will be represented in the employer workforce survey, but on the supplier side rather than the purchaser side. If it were possible to identify these suppliers in some systematic way in the employer sampling frame, the employer sample could be designed to ensure an adequate sample of these contracted workers.

Several refinements to the above definition of an eligible employee may be necessary. First, we need to define a time frame such that all those who had been employed during the time frame were considered for eligibility. The best frames appear to be payroll lists. Ideally, one might want to try to retrieve all those who had been employed at any time during the fiscal year. Unfortunately, this is both burdensome to the employer and operationally difficult, since in some cases it would involve tracking employees through their former employer. A compromise would be to use only the current payroll frame, asking about peak annual employment to correct for seasonal differences in size. This strategy would make synchronization of data collection nationwide and within markets especially critical, to ensure uniformity, although the demands of the data-collection effort will inevitably force some compromises in this area. To avoid overrepresentation of the multiply employed, it might be necessary to screen sampled employees with a question about whether they consider the employer through which they were sampled to be their primary employer (the
employer might not know this information). Only employees who considered this their primary employer would be eligible.

**HOW MANY EMPLOYEES SHOULD BE SAMPLED PER EMPLOYER?**

In a workforce survey, the purpose of the employee-level sampling is the measurement of group-level characteristics. Thus, whenever these variables are obtainable in an essentially errorless form through direct contact with the employer (whenever the employer can calculate the measure on the entire workforce), they should be obtained in that fashion, to minimize expense and to avoid the unnecessary introduction of sampling error. Similarly, in the case of small employers, an absolute census of the eligible population is desirable, as it minimizes the operational difficulty of sampling employees and also eliminates sampling error.

In the case of larger employers, we must select a random sample of employees from which we can estimate the group-level characteristics (such as the proportion of employees who have health insurance available through their spouses). The number sampled must be small, both because of budgetary constraints and to reduce the burden on a given employer. On the other hand, sample estimates of group-level characteristics result in less-precise point estimates at the group level, regression parameters that are biased toward zero when they are used to model employer behavior, and contamination of correlated variables in regression models. While correctable, these “error in variables” problems are reduced with larger samples of employees per employer.

Distributions of several binomial variables related to demographic and salary characteristics, measured at the employer level for 22,347 establishments in ten states as part of the 1993 RWJF survey, provided a basis for considering what might be an appropriate sample size of employees per employer. Making finite sampling corrections, we estimated the extent to which various sample sizes would bias regression parameters for these variables if they were estimated from samples of employees.

As an example, we discuss a variable in which the employer reported the percentage of its workers earning at least ten dollars per hour (mean = 40 percent). We considered and compared sample sizes of 10, 25, or 50 employees per employer. If this variable were used as a predictor in a regression equation that modeled observations at the employer level, estimating it from employer samples of sizes 10, 25, or 50 employees per employer would bias its regression parameter toward zero by 3.00, 0.38, and 0.23 percent, respectively (Weisberg, 1985). Many variables included in the RWJF survey would have been affected even less by sampling. It should be noted that errorless measurement of small employers is part of the reason these biases are so small: The median, 75th percentile, and 90th percentile of the number of employees per establishment were 10, 27, and 90, respectively. Oversampling of large employers would increase the biases. As an example, sampling employers with probability proportionate to the square root of their number of employees would result in biases of about 9.7, 3.2, and 1.3 percent for employee samples of 10, 25, and 50 per employer, respectively.
The precisions and powers discussed in Tables 3.1–3.3 all involved variables obtained without sampling of employees. When variables that are estimated through sampling of employees are used, the reported precision and power would decrease slightly. The only comparison that would be strongly affected would be the ability to distinguish a single employer’s workforce from the local market average.

Finally, it should be noted that low employee-response rates can limit the number of completes obtainable in small employers, which would also increase the bias somewhat. Also, using finite sampling corrections for small employers may not be appropriate if the prevalence of employee characteristics in each small establishment varies randomly over time. Nevertheless, we feel that we can recommend 20–25 employees sampled per employer as sufficient for many purposes of the survey, although it will not provide enough power to test hypotheses involving the workforces of individual larger employers or to characterize all employees in an MSA. If all employers had at least 20–25 employees, this would involve a total of 40,000–50,000 employee surveys. Because some employers have fewer than 20–25 employees, the actual number will be less. If large employers were not oversampled, this number might be as low as 20,000–25,000; with oversampling of large employers as described above it might be in the range of 32,000–40,000.

Oversampling Certain Types of Employees

The most obvious issue in sampling employees is whether to give any special consideration to the types of employees who are most likely to qualify for fringe benefits. For example, many employers provide benefits for full-time workers but not part-time workers, or for permanent workers but not temporary or seasonal workers. Furthermore, taking this strategy to its logical extreme, the sampling of employees in the workforce survey could be based specifically on eligibility for fringe benefits, such as health insurance or paid retirement.

To understand what characteristics of the workforce affect the design of employee compensation packages, including the availability of benefits to part-time or temporary workers, it will be necessary to collect data about each employer’s entire workforce, including workers who are not eligible for fringe benefits. Employees who are ineligible for fringe benefits should not be entirely excluded from the employee-level data collection.

At the same time, even if the primary goal of the workforce survey is to study benefit offerings, not the choices that are made by individual employees about participation or selecting among options, it will most likely be necessary to study intergroup differences in participation rates (among eligible employees) to understand intergroup differences in benefit offerings. For that reason, employees who are eligible for benefits might be oversampled. Since it is unlikely that all employers would be able to provide an employee sampling frame that explicitly identifies the workers who are eligible for fringe benefits, this strategy would most likely have to be operationalized by oversampling employees on characteristics that are highly correlated with eligibility (such as permanent employment and full-time hours).
There are two major constraints to oversampling employees. First, oversampling of certain employees reduces the precision of estimates that are not related to the specific basis for oversampling, a potentially serious problem with the small number of employees that are likely to be sampled per firm. Second, and more seriously, the employer data frames must contain reliable information on the variables on which selection would be based. It seems unlikely that this information will be consistently available across firms. For this reason, oversampling of specific employees is probably not feasible.
4. DATA COLLECTION

BACKGROUND

We relied on several sources of information in developing a set of recommended procedures for fielding an employer workforce survey. First, we were able to identify two employer surveys that have attempted the workforce survey's two-stage design, in which data are obtained both from a sample of employees and from a respondent for the employer. We discussed these surveys with individuals who were directly involved in the data-collection. Second, we drew on other experiences of both RAND and Westat staff with employer surveys. Third, we conducted two focus groups with employer representatives to learn more about the data collection issues from the employer perspective.

Previous Workforce Surveys

Statistics Canada pilot-tested the Workplace and Employee Survey (WES) in 1996 and will conduct the study on a national basis for the first time in 1998. In preparation for this report, we spoke with Howard Krebs of Statistics Canada about the results of the pilot survey conducted in 1996 and the additional testing planned for 1997. The focus of WES is on workforce training and the use of technology in the workplace. The data-collection and sampling methodology calls for a random sample of establishments and then a random sample of employees within each establishment.

In the pilot study, a random sample of establishments was drawn from a business listing frame. An advance letter was mailed to each establishment in the sample. The letter was followed by an in-person contact to attempt to collect the establishment data and elicit the employer's assistance in conducting the employee survey. Establishment-level data were collected via an in-person interview with a respondent from human resources (additional respondents from other departments supplied data as needed). The pilot study attained an 80-percent response rate at the establishment level.

Statistics Canada found that all establishments had some type of employee list that could be used as a sampling frame for the employee survey. The employee sample was selected during the face-to-face employer survey. The employer respondent made the selection and he or she (or other designated representative of the employer) was responsible for distributing "permission to contact forms" to employees. The permission form did not request participation in the study; it only requested permission to contact the employee to explain the nature and purpose of the study—the employee could choose whether or not to participate in the workforce survey at the time of the telephone contact. In addition to describing the study (including its purpose and the voluntary nature of participation), the permission form requested the employee's name, a telephone number at which an interviewer could reach the employee outside of work hours, and the best time and days to
call. Establishments were asked to follow up with the sampled employees to increase the number of returned permission forms.

Employees who completed and returned the permission form were telephoned and asked to participate in a 24 minute computer-assisted telephone interview. At the conclusion of pilot data collection, 67 percent of the sampled employees returned a permission to contact form. Of these, 84 percent completed the phone interview; only 57 percent of the original employee sample completed the telephone interview.

Given these response rates, Statistics Canada will test different methods to enhance response rates at the employee level. A few survey questions will be placed on the permission to contact form, providing some additional information about employees who refuse to participate when contacted. To increase participation, Statistics Canada intends to supplement the telephone employee surveys with a self-administered version and, for the most reluctant contacts, a “short form” version, to be offered after a specified number of contacts.

Westat has also conducted a workforce survey. This Study of Family and Medical Leave was undertaken for the Department of Labor and was completed in 1996. The study focused on the use of family and medical leave as governed by recently enacted federal legislation. The methodology followed the two-stage sampling strategy proposed in this report, although ultimately the data collected in the employee survey were not used in the project’s analyses and were not included in the study’s documentation.

According to our discussions with Kerry Levin from Westat, a sample of employers was drawn from the Dun and Bradstreet Market Indicator file for the study. Each establishment in the sample was mailed an advance letter. The letter was followed by telephone contact from a study interviewer who attempted to collect the establishment data and solicit agreement to participate in the employee survey. Eighty percent of establishments participated in the first stage of data collection.

One of the challenges of this particular project was the need to select a sample of employees who had taken family or medical leave after the enactment of the Family and Medical Leave Act. Some establishments did not have an employee list that could be used as a frame for drawing such a sample. Moreover, establishments were unwilling to give Westat a list that identified their employees. As a result, in establishments where a large number of employees took leave, Westat developed procedures for drawing a random sample that could be implemented by a representative of each establishment. Otherwise, a census of leave takers was requested.

Because employers were unwilling to release information that could be used to survey employees directly, whether by mail or telephone, Westat had to ask the respondent to the employer survey to distribute a self-administered questionnaire to the sampled employees. Westat made extensive efforts to follow-up with the establishment representative regarding the implementation of the sampling procedures and the distribution of the employee survey. However, because the response rate for the employee survey was disappointing and because the data that were needed were available from an alternative source, the data from the employee survey were not analyzed.
Other Employer Surveys

In preparing this report, we also drew on direct experience with or knowledge of other employer surveys. These other surveys have collected data from employers (or, to be more precise, from one or more persons who have responded on behalf of each employer), but not from the workforce. RAND has been involved in the Employer Participation in School-to-Work Programs Study (1996) and in both the 1993 and 1996 RWJF Employer Health Insurance Surveys. Westat's experience with such surveys includes the 1993 RWJF survey, the Health Insurance Association of America's Survey of Employer-Sponsored Health Benefit Plans, and the National Employer Health Insurance Survey.

We also reviewed the design and experience of several other employer surveys (Short, 1995):

- Employee Benefit Survey
- National Employer Health Insurance Survey
- Foster Higgins National Survey of Employer-Sponsored Health Plans
- KPMG Surveys of Employer-Sponsored Health Benefits.

Focus Groups

RAND conducted one focus group in Los Angeles, California, while Westat conducted a second in Bethesda, Maryland. A copy of the focus group protocol is provided in Appendix B. The focus groups were a useful complement to discussions with operations and research staff with “hands-on” experience conducting employer and workforce surveys and allowed an opportunity to discuss some of the data-collection alternatives with individuals who could speak for the establishment study population.

RAND and Westat conducted the focus groups with a total of 19 representatives of establishments (13 women and 6 men). Participants in the groups represented a broad range of establishment types (including multiestablishment firms), sizes (workforces as small as 13 and as large as 5,000), and industries (such as manufacturing, retail, commercial, industrial, professional, and service). In the RAND group, each participant represented the establishment-level individual who either would be solely responsible for an establishment’s decision to participate in a workforce survey (owners, partners, or vice presidents) or would participate in the decisionmaking process (human resource directors or administrators). In the Westat group, participants were not decisionmakers, but would be the initial contacts for their organizations for the research. They would have the responsibility of explaining to upper-management decisionmakers how the surveys would benefit the establishment and the survey participants, including explaining the cost and level of effort required. (This was described in the focus group as “selling” the survey).

DATA-COLLECTION METHODS FOR THE ESTABLISHMENT SURVEY

The rest of this section outlines and discusses the key data-collection issues for each sample population (establishments and employees), drawing on the focus groups and the expertise and experience described above.
The first stage of a workforce survey includes the selection, enrollment, and collection of data from a sample of establishments. In addition to administering the employer questionnaire, the first stage of data collection involves the selection of the sample of employees who will be interviewed during the second stage. In proposing a design for the first stage of the workforce survey, we had to consider the following issues:

- How accurate are the available frames for drawing an establishment sample, and how much information do they provide?
- What is the best way to identify and link establishments of the same firm?
- What strategies can be used to motivate establishments to participate?
- What mode or modes of data collection are appropriate? Will the same data-collection methods work for all establishments in the sample?
- What sample-selection strategy will yield an acceptable sample of employees without placing an undue burden on employers?

Sampling Frame for Establishments

For a project of this type, the best sample frame in terms of cost and availability is the Dun and Bradstreet Market Indicator file. While this file does not contain the name or job title of an appropriate contact to elicit the establishment's participation, it does contain all of the data elements that are required to implement the sample design that we recommend in this report. The Dun and Bradstreet file also contains all of the data elements that are needed to contact the sample (street address, city, state, zip code, and telephone number).

Researchers at RAND have found that the telephone numbers in the file have an accuracy rate of 86 to 95 percent. The accuracy can be enhanced by a telephone number verification vendor with minimal effort and cost. Because smaller establishments (e.g., less than 25 employees) may have higher rates of closure, a wave of advance calls to the smaller establishments can identify any that are no longer in business. An alternative is to construct the sample with replacement cases for establishments that have disbanded or are no longer eligible for the survey. Special sampling procedures or advance calls will also be necessary to handle cases with missing data for employer size, if employers with 0 or 1 employee are ineligible for the survey.

The Dun and Bradstreet Market Indicator file links establishments of the same firm (described as multiestitution firms in Section 3). This information identifies cases that will require collection of firm-level data from a source outside of the sampled establishment, if that is part of the workforce survey design. Knowing this information in advance allows for more efficient control of data collection resources.

It is also important to know which establishments in the sample are linked to each other. The Dun and Bradstreet file provides such information, which makes it possible to avoid contacting a firm more than once to provide the same data for different sampled establishments.
If a sample frame other than the Dun and Bradstreet file is used, then a wave of calls may be necessary before the final sample selection to verify the eligibility of the establishments in the frame and such other data as establishment type, size, mailing address, as well as to identify and link multiestablishment firms.

**Motivating Establishments to Participate**

The experience of the two workforce surveys described at the beginning of this section illustrates the important role of establishments in conducting the employee surveys. During the enrollment phase, the initial contacts with the establishment must anticipate and respond to concerns or barriers to participation common to most establishments. From the focus-group discussions, we know that establishments and decisionmakers have common concerns or questions that are independent of the size of the establishment. To respond to these common concerns, written, telephone, or in-person advance contacts should clearly and quickly address the nature of the survey and why it is important. The materials must answer these questions: What is the study about? Why is it important to my establishment? How does my firm benefit from participation? How will my workforce benefit from participation? What will participation cost my establishment? How much time will participation in this survey require? Who needs to participate and for how long? What kinds of data do you need from the establishment? Why? What kinds of questions will you ask the workforce? A concise explanation of the cost, benefits, and salience of participation in the survey is one aspect of motivating participation.

Almost all the focus-group participants would have been the points of contact for the collection of all establishment-level data and for the creation of a workforce sample. It was clear from the group discussion that a clear presentation of the burden that participation would place on them as the point of contact was an important factor in the decision to participate (or the decision to “sell” the survey to upper management).

Different levels of effort will be required to motivate small, medium, and large establishments. Both small and large establishments may require extra effort for different reasons. In small firms, decisionmaking authority rests with one individual, who is already busy, wearing many hats in the establishment. Repeated follow-ups will be required to enroll small firms simply because the decisionmaker’s time is taken up with the day-to-day work of running the establishment. One of the goals of precontacting in establishment surveys identified by Ramirez (1997) is “role-targeting” or identifying the appropriate target for the data-collection request. In large firms, individuals are less familiar with the specific job duties and responsibilities of other individuals in the establishment. Identifying the appropriate staff member to approach the decisionmaker or determining the most knowledgeable source of information can take additional contacts in large establishments. Different industries will have different barriers to participation. Manufacturing firms will have concerns about the effect the survey has on production or assembly lines. Establishments with seasonal peaks or lulls will be sensitive to the timing of the survey.

An advance packet tailored to the size and/or industry of the firm, followed by a telephone call from a study representative is the recommended approach. The advance
packet should be designed to address questions common to all establishments and provide a clear description of the study and its salience to the establishment. We know from prior experience with workforce surveys that it will take repeated contacts to gain enrollment and many follow-ups to see the establishment survey through to completion. It is easier to tailor the enrollment and motivation efforts to the size of the establishment, type of industry, or specific concern of the establishment when they are conducted by phone. It is also easier to establish a rapport with the point of contact and keep this individual motivated and engaged by personal, telephone contact rather than by mail.

The required sample size to yield 2,000 establishments is approximately 2,860 (assuming a minimum response rate of 70 percent). There are trade-offs between the effectiveness of an incentive at the establishment level and the added cost of repeated follow-ups to ensure complete participation. Incentives (either cash, check, or “in-kind” gifts) have long been used in surveys of the general population and have been found to have a positive effect on an individual's decision to participate in a survey. James and Bolstein (1992) and Willimack (1993) found that incentives have a positive effect on establishment survey response rates. Both of these studies involved incentives that were not large, ranging from payments of $20 to “in-kind” incentives valued at $7, as well as establishments that required multiple respondents. An incentive payment of $25 made directly to the point of contact as a token of thanks for assistance with study tasks is recommended.

In workforce surveys, the individual who makes the establishment-level decision to participate may or may not be the point of contact for completion of the establishment survey, selection of the employee sample, or distribution of the employee survey. This conclusion is supported by the literature on establishment surveys, as well as by our focus-group findings, and could argue for a larger incentive payment that benefits both the decisionmaker and the point of contact. If the research funds can support a larger incentive payment, it would result in an incentive strategy that uses a per-case or lump-sum payment directly to the establishment but that benefits both the decisionmaker and the point of contact. To benefit the point of contact, the incentive should be given directly to the point of contact (in the form of a direct payment or overtime pay) or should result in a reduction of the point of contact’s usual work load to allow time to devote to the survey tasks. To benefit the decisionmaker, the incentive should be clearly presented as a token payment to assist in covering the costs to the firm of participation.

If research funds cannot support incentive payments to all establishment points of contact, some incentive strategy should be implemented. Smaller “in-kind” incentives, such as desk calendars, mugs, or paper-clip holders can have a positive effect on participation and can be relatively inexpensive when purchased in bulk. Alternatively, incentive funds could be targeted toward reluctant establishments or smaller establishments with fewer resources to devote to the completion of the establishment survey. A financial incentive may be an effective tool to elicit and enhance participation in such cases.

In the RAND focus group, a benchmark report that would provide information on how the benefits packages available to the workforce of one establishment compared to those available to the workforces of other establishments in a community or region was identified
as a useful product that would have a positive influence on participation. Participants in the
Westat group did not view a benchmark report favorably because of concern about how their
own establishments would compare to other establishments—in this focus group, the
majority feared that employees would see a benchmark report in which their firm did not
compare favorably with other establishments. Anticipating the concerns of establishments
invited to participate in research and implementing an enrollment strategy that is prepared
to respond to concerns of establishments are critical to the success of any establishment
survey.

Data-Collection Mode

Dutka and Frankel (1991) categorize establishment surveys as either enumerative or
analytical. Enumerative surveys involve the retrieval of records (reporting of factual or
“hard data”) and measure the characteristics of establishments. Analytical surveys of
establishments often focus on the effects of advertising and promotion, the acceptance of new
products, and satisfaction with services received and involve the collection of data about the
“market” in which the establishment operates. The establishment-level data items proposed
for collection in this report, are factual and can be retrieved from existing records, reports,
and files. In many establishments, the records needed to complete the establishment survey
may be located in more than one department (human resources and accounting, for example),
and the point of contact will act as a facilitator, shepherding the survey among the different
suppliers of the requested data. The type of data to be collected and the likelihood of
multiple respondents within an establishment could argue for a self-administered survey,
sent by mail, that could be shepherded throughout the establishment by the contact person,
and followed up with mail and telephone follow-up of nonresponse.

If the establishment survey were our only task, this approach would yield acceptable
results. Because this is a two-stage effort, the primary mode of data collection for the
establishment level should be telephone. Worksheets for specific portions of the
establishment survey could be mailed in advance and either faxed back, mailed back, or read
back at the time of telephone contact. We know from Westat’s experience with workforce
surveys in the United States that a large amount of nonresponse will occur between the
completion of the establishment survey and the administration of the employee survey. The
weakness in workforce-survey methodology is the reliance on the establishment point of
contact to conduct the employee data collection. Only repeated personal contact with the
point of contact that is designed to motivate his or her participation at each step of the data
collection will increase the likelihood of participation beyond the completion of the
establishment survey.

Creating the Employee Sample

An important finding from the focus groups was that all the medium and large-size
establishments have computerized employee databases or lists that can be sorted or
categorized. The data contained in the databases varies greatly and can include such data as
salary, type of employee (e.g., fully vested, consultant, seasonal), length of employment,
benefit eligibility and participation, employee-paid insurance premiums, job title, age, and number of dependents. Of the different lists establishments maintain, payroll files were identified as the most accurate, accessible sample frame that would represent the full workforce at a given point in time (e.g., the most recent pay period). Some establishments would have difficulty constructing a retrospective frame because of the cost and difficulty of retrieving old payroll data tapes, but current payroll lists can almost always be obtained. A few of the small establishments reported that no comprehensive list of the workforce exists, but given that a census of small firms is proposed in Section 3, the absence of lists in small establishments will not create difficulty in the workforce data collection as long as steps are taken to ensure that an accurate census of the workforce is obtained.

There was unanimous agreement among survey experts and the participants in the focus groups that establishments will not provide data about employees (such as name, mailing address, home telephone number) that could be used by a research organization to conduct an employee survey. Yet, another important finding from the focus group is that roughly half the establishments represented in the focus groups expressed a willingness to release a de-identified employee sampling frame. In such a frame, an identification number would replace employee name and other confidential identifying information. The research organization could then draw the sample from this list and give the employer a list of the sampled employees, designed by identification number. The employer would then distribute the permission forms or questionnaires to these employees. Providing a file for a research organization to use to select the workforce sample was seen as less labor intensive than spending the time to learn and implement a sampling strategy to select the sample on site.

All of the participants in the RAND focus group were willing to provide a de-identified list of the workforce containing a limited amount of data. At a minimum, these data would include job title or category, salary range, and gender. Participants in the Westat group were not willing to provide any type of file for use by a research organization to select a workforce sample. It is not clear if the difference between the two groups on this issue is due to the way in which the topic was presented and described, or if staff who report to decisionmakers are more cautious than the decisionmakers themselves. While it is preferable from a scientific perspective for a research organization to take a de-identified list and select the sample, the practical implications of dealing with close to 3,000 lists containing different data in different levels of detail are not trivial in terms of programmer time and effort. Because sample selection is so important to the quality and reliability of the workforce data, more investigation of this issue is required, and a pilot study that looks at list acquisition is strongly recommended.

In the absence of lists that a research organization can use to select the sample, the employee sample must be selected by the point of contact using a list constructed from payroll files. Again, past experience tells us that the sample selection procedures must be as simple as possible. Clear instructions need to be provided in writing for selecting the sample in establishments with more than 25 employees, and study staff need to ensure that the point of contact understands the importance of random sampling. In small establishments, the selection task does not apply, and the establishment survey should be designed to collect
all the data need to provide the establishment with the appropriate number of survey packets or permission to contact materials. Intensive, frequent follow-up from well-trained data collection staff will be the key to maximizing the number of establishments who complete both the establishment survey and provide or select the employee sample.

**DATA-COLLECTION METHODS FOR THE EMPLOYEE SURVEY**

Given the unwillingness of employers to identify or allow contact with individual employees, the employee-level data collection will necessarily be undertaken with the establishment as a “go-between.” The employer must be asked either to distribute a self-administered survey (as in the study of family leave) or to elicit initial consent and contact information for an interviewer-administered survey (as in the WES).

The drawback of this arrangement is that the success of the employee data collection rests with an individual outside of the research organization, who may get no direct benefit or praise from his or her employer for helping with data collection, who may receive conflicting messages from superiors about the importance of the data-collection activity and how much effort to put into it, and who may feel overburdened with work that is “more important” than the distribution of surveys to the workforce. The projects described above illustrate the necessity of focusing data-collection resources on the individual responsible for carrying out the workforce survey at the time that individual is identified as the establishment’s point of contact and in repeated follow-up with the point of contact during distribution of the workforce survey. One of the challenges in making initial contacts with the establishment (see Motivating Establishments to Participate, above) is to identify the appropriate point of contact. Given the information provided by our focus group participants, and Westat’s and RAND’s experience with establishment surveys, the point of contact should be a fairly senior member of the human resources, personnel, or benefits departments. In small establishments, the point of contact should be the owner or business manager. In identifying the point of contact, it is critical to identify the person who is knowledgeable about the type of employee lists the firm maintains and can command the information resources (such as data processing, records retrieval) needed to complete the establishment survey and identify the appropriate list to use in sampling employees.

Given the heavy reliance on the point of contact in the second stage of data collection, the employee survey presents its own set of data collection issues to consider and resolve:

- What strategies can be used to achieve acceptable response rates for employees in this context?
- What mode or modes of data collection are appropriate?
- What assurances about confidentiality should be given to employees?

**MAXIMIZING RESPONSE RATES FOR EMPLOYEES**

While previous workforce and employer surveys suggest that appropriate data-collection resources can attain high levels of establishment participation (80 percent in the family-leave study, 80 percent in Canada’s WES pilot, and approximately 70 percent in the
studies reviewed by Short, 1995), response rates for employees have been problematic. Because contact and follow-up of the workforce sample must be conducted by the establishment, the response rate is subject to the motivation of the contact person, his or her belief in the importance and benefit of the survey, and the motivation of the individuals sampled from the workforce. This structure creates two levels of nonresponse, first at the level of the point of contact, who can fail to distribute survey materials or who may fail to follow-up with nonresponders, and second, at the level of the employee. The results have been response rates that are lower than traditional surveys in which the sample can be contacted directly.

Ideally, a workforce survey completed on "company time," either by phone or using a self-administered survey, would yield the highest response rate. Given the constraints of the work environment for various types of workforces (establishments with production quotas or assembly lines, establishments with large proportions of staff working outside a central location in sales or customer service), as well as the data items proposed for the workforce survey (which may require review of tax forms or information from a spouse), a survey completed at the workplace is not practical.

To attain a response rate of better than 40 percent, the workforce survey will need to be short and simple to complete (for example, a 2–3 page form), and the point of contact needs to be highly motivated to conduct a minimum of two rounds of follow-up. Because of the length constraints of the employee survey, only a subset of the employee survey data items found in Appendix A could be included. Approximately 30 to 35 of the employee items could be accommodated in an two- to three-page questionnaire. While a financial incentive has a demonstrated ability to enhance response (Berry and Kanouse, 1987), the sample sizes indicated in Section 3 may be too large to allow for any individual financial incentive for employees (62,000–80,000 employees, if large firms are oversampled and allowing for response rates of 40–65 percent). Participants in the focus groups expressed concerns about a cash incentive, and were concerned it would cause resentment within the workforce not included in the survey sample. While half the participants expressed a preference for a group incentive that would benefit the full workforce if specific response targets were met (such as a contribution to a charity or a workforce recreation committee), Warriner et al. (1996) have found that a promised donation to charity is not an effective response rate enhancement. While token "in-kind" incentives for employees should be considered (presentations at the March 1997 American Association for Public Opinion Research conference have shown them to be effective in consumer and general population surveys), an incentive that personally motivates the point of contact to distribute the survey materials in a timely manner and to follow-up (either in writing, by e-mail, by phone, or in person) with nonresponders will be required to attain a reasonable return of the employer survey.

**Data-Collection Mode**

The recommended mode of data collection for the employee survey is a self-administered questionnaire. Self-administration is recommended to reduce cost (it is less expensive than telephone administration), as well as the mode effects that can occur when
financial data (such as income, assets, home ownership) are reported in a telephone or other interviewer-administered mode of data collection. The self-administered questionnaire should be fielded (either in the workplace or to a mailing address) using and adaptation of the total design method principles (Dillman, 1978). These steps would include the following:

- a cover letter in the first survey packet that describes in detail the purpose and importance of the workforce survey, explains how the sample was selected, gives an assurance of the confidentiality of the responses provided, and includes a toll-free number to call for more information about the study
- a postage-paid envelope, preaddressed to the survey vendor in the first and second survey packets
- a reminder postcard to the full sample, one to two weeks after the first survey packet is sent out
- one or more mailings of another packet containing a cover letter, questionnaire, and return envelope.

Abbreviated or “short-form” versions of the workforce survey can be used to enhance response after the best efforts have been made to collect a completed version of the full survey. Employees who are reluctant to complete the employee survey in full may more readily complete a shorter survey containing approximately ten of the key data items. Proxy data collection should also be considered. In small establishments, a proxy may be able to supply a subset of the key data elements on the sampled individuals.

Special consideration should be given to establishments with large proportions of non-English-speaking or low-literacy labor. Survey instruments may need to be translated into languages other than English, the workforce may need to have the option of calling a toll-free number to complete a full or abbreviated version of the survey by telephone, and the employee survey should be designed for employees at a relatively low reading level.

**Assurances of Confidentiality**

It has been taken as a given that the establishments participating in a workforce survey will never be identified by name in any benchmark reports or published analyses of workforce survey data. In surveying the employee sample, repeated and explicit assurances of confidentiality must be printed in the cover letters that accompany each mailing, and key assurances should be printed on the questionnaire itself. These assurances should address specific issues and clearly state how the anonymity of employee survey participants will be safeguarded. For survey packets mailed directly to an address provided by an employee in a contact form, this includes statements such as the following:

- The name of any firm participating in this research will not appear in any results published by the researchers and does not appear in any of the data files containing survey responses from you or other employees.
• Because we have given you a preaddressed return envelope to drop in any U.S. postal mailbox, your employer will never see your completed questionnaire.
• Your name or other information that identifies you individually will never appear in any results published by the researchers.
• All information you and other employees across the country provide will be reported in the form of group totals and statistics. No individual survey responses will be reported or given to your employer.

All of the above assurances apply to survey packets distributed at the workplace by a point of contact, and additional assurances can also be made:

• We do not know your name, address, social security number, or personnel number.
• You are identified by a study number assigned to a list kept by your employer. After the employee questionnaires are collected, this list will be destroyed.

While the name of the establishment should appear in the cover letter that accompanies each survey distributed, the name of the establishment should not appear on the front cover of the employee questionnaire or in any of the survey questions. The absence of an establishment name on the employee questionnaire and the use of a postage-paid envelope addressed to the research organization will serve to underscore the written assurances of confidentiality.
5. DATA-COLLECTION COSTS

It is impossible to provide definitive estimates of the cost of a workforce survey. Costs will depend on the decisions that are ultimately made with respect to sample design and data-collection methods. Also, staffing costs vary considerably across research organizations because of differences in fringe and overhead rates and because of regional variations in salaries and the cost of living. Nevertheless, in this section, we work through some simple calculations of labor hours and costs for the benefit of organizations that might search for the funding to conduct a workforce survey or might provide the funding as the study’s sponsor.

CONTACTS WITH THE ESTABLISHMENT

Contacts with the establishment involve three distinct tasks. Task 1 is to complete the establishment survey and secure the establishment’s agreement to cooperate in the sampling of employees and the conduct of the employee survey. Task 2 is to secure an appropriate sampling frame list and select the employee sample. Task 3 is to distribute and secure responses to the employee survey, which requires the establishment point of contact to hand out survey packets and to follow up with nonresponders on an individual basis. As discussed earlier, the establishment point of contact may be asked to distribute either a self-administered survey or a “permission to contact” form that briefly describes the study and includes some sample questions.

For the purposes of estimating data-collection costs, the following assumptions have been made about these tasks:

- A separate round of telephone contacts is required for each task as noted above.
- A sample of 2,863 establishments will be contacted to identify 2,000 cooperating establishments. These calls will be to a national sample of 1,143 establishments and 10 MSA samples with 172 establishments per MSA.
- A response rate of 80 percent will be achieved for the establishment survey (yielding 914 establishments in the national sample at the end of Task 1 and 138 establishments in each of the 10 MSAs).
- 70 percent of the establishments will agree to select an employee sample and distribute the employee survey (yielding 800 establishments in the national sample at the end of Task 2 and 120 establishments in each of the 10 MSAs).
- For approximately two-thirds of the establishments, eliciting an agreement to participate and completing the employer survey will require contacting multiple individuals. This includes multiestablishment firms.
- The establishment survey will take an average of 20 minutes to complete, once the appropriate respondents are identified.
• Portions of the employer survey are included as worksheets in the advance packet, and data on the worksheets are returned by fax or mail, as well as during the telephone interview.
• The establishment point of contact receives a $25 cash incentive prior to the selection of the employee sample. Additional in-kind incentives, such as mugs, notepads, flashlights, and paper clip holders, are also used to encourage completion of the employee survey.
• The point of contact will distribute two waves of survey packets to employees, an initial packet and a nonresponse packet two weeks later. (Or, in the case of "permission to contact forms," an initial form and a replacement form.)

Before the start of Task 1, all establishments in the sample would be mailed an advance packet describing the purpose and nature of the workforce survey. Worksheets to assist in the collection of employer survey data would also be included in the packet. These materials should be designed to answer all of the concerns that establishments are likely to have, as described in Section 4. The advance packets are followed by telephone contact from trained, experienced interviewers or data collectors (hereafter referred to simply as interviewers) who attempt to elicit an agreement to participate in the entire study and to complete the employer survey.

This type of interview requires a higher-level interviewer in terms of education and skill than household surveys, or even routine establishment surveys. To maintain the flexibility to adapt to the size of establishments and the information needs of decisionmakers, the interactions with the respondent cannot follow a preprogrammed script. Interviewers need to be provided with adequate training, tools and support to make decisions where possible and to identify appropriately cases that need special handling by more senior study staff, within the parameters established for the study. An appropriate pay rate for such interviewing staff would be $14–16 an hour.

Given the assumptions outlined above, the completion of the employer survey and enrollment in the employee survey (Task 1) would take 812 person-days; this does not include time spent by more-senior study staff or the research investigators dealing with establishments that need special handling.

Upon the completion of Task 1, the respondent to the employer survey would be required to identify a payroll list to use in employee sample selection. The point of contact would either provide the list to the research organization or carry out simple sampling instructions. The incentive payment would be delivered at this time. Other incentives should be used as needed—either to thank additional respondents to the employer survey or as a token of thanks to establishment staff who assist the point of contact to obtain the list used as the employee sample frame.

Assuming that it takes an average of five attempts for 80 percent of the sample to identify the sample frame and implement a sampling strategy, Task 2 would require 406 person-days to complete.
Upon the completion of Task 2, the respondent to the employer survey would receive survey packets for distribution to the employee sample. A telephone interviewer would make weekly follow-up calls with this contact person during the employee survey data-collection period. The purpose of the calls would be to answer questions about the survey from the point of contact, identify problems with the sample selection that require resolution by more senior study staff, discuss follow-up efforts, and maintain the enthusiasm and engagement of the establishment's point of contact.

Assuming an average field period of four weeks, Task 3 would require 240 person-days of effort to get 70 percent of the sample to distribute and follow up on the employee surveys.

Other costs, such as telephone bills, clerical time to assemble advance packets, postage, printing, incentive payments and in-kind gifts, interviewer training, project management, and instrument design and development, would result in costs of $400,000 to $600,000 for Tasks 1–3.

One strategy to increase establishment participation is to provide financial compensation for the time the point of contact spends collecting data for the establishment-level survey, identifying and collecting the appropriate employee list to use for sampling, carrying out specified random-sampling procedures, and distributing and following up on the employee survey. This approach was well-received by participants in focus groups conducted in preparation for this report and has been used with success in a recent RAND health study that required medical offices and clinics to provide sample lists and make initial contact with patients selected to participate in the study. However, given the sample sizes proposed in Sections 3 and 4 of this report, a reimbursement strategy will have a significant effect on survey costs. For example, a payment tied in to the size of the sample (such as $25 per employee sampled) would result in a cost of $800,250 to $1,455,000. There are less costly options; a payment of $100 to the point of contact would result in a cost of $105,200 to $200,000. In implementing a reimbursement strategy, it is important that the point of contact directly benefit from the payment. This can be done through overtime pay for work done on study tasks outside of normal work hours or through a temporary reduction in usual work tasks so that study tasks can be completed during normal work hours.

Given the assumptions outlined above, adding an additional MSA of 172 establishments would add 6 percent to the variable costs of data-collection operations. Variable costs are the costs that are directly related to the size of the sample and include interviewer time, printing, postage, clerical time to assemble packets, telephone costs, etc. Management costs (such as management time, instrument development and programming) are fixed to a certain extent and should not be affected by the addition of one to four MSAs. Beyond four additional MSAs, the scope of the management tasks associated with the study would be affected, and management costs would change.

**OTHER EMPLOYEE SURVEY COSTS**

In the workforce surveys that we reviewed and discussed, a representative of the establishment distributed workforce surveys or permission forms to collect contact data for a telephone interview. The costs associated with Tasks 1–3 that are quoted above are limited
to the costs associated with motivating the establishment point of contact to distribute employee survey materials and to follow up with nonresponders. Thus, the costs of interviewing employees by telephone (if the establishment is asked merely to distribute permission forms) are not included.

Even if the establishment distributes a self-administered questionnaire to employees, there are costs associated with the creation of the employee questionnaires and the processing of completed surveys. For the purposes of estimating these other data-collection costs, the following assumptions have been made:

- 70 percent of the establishments select an employee sample and distribute the employee survey (assumed to be 800 establishments in the national sample and 10 MSAs with 120 establishments per MSA). This means that questionnaires are distributed to 58,200 employees.
- The self-administered survey will be produced in an optically scanned format in both English and one other language (this format is commonly called opscan).
- Two waves of survey packets containing a self-administered questionnaire are distributed by the establishment: an initial packet and a nonresponse packet two weeks later.
- The establishment point of contact will follow up individually with nonresponders.
- 55 percent of the employees complete the employee survey.
- Approximately 10 percent of the sample will call in to complete the interview by phone.

An opscan questionnaire is the most cost efficient survey mode for a large number of self-administered questionnaires (e.g., more than 5,000). It reduces the amount of work that is done manually and reduces the cost of questionnaire printing, the assembly of survey packets, and the processing of completed surveys. Given the sample size proposed above, and the production of materials in two languages, the cost of an opscan vendor will be approximately $5 per sample case. This figure includes production, assembly, postage, and data entry. The opscan vendor costs quoted in this report assume that employee surveys are not customized to include additional data requested by establishments and that the name of the establishment is not printed on the individual surveys. Customization can be done, but would increase the per-case costs from $5 to at least $7.

In addition to opscan vendor costs, telephone interviewers are needed to interview the estimated 10 percent of the sample who request a telephone interview. Assuming an average interview length of 15 minutes, this would require 327 person-days of effort from the same study interviewers who are used in the establishment survey tasks noted above.

Including such additional costs as telephone bills, interviewer training, project management, instrument design and development, the added costs associated with the employee survey would be $300,000 to $400,000.
Increasing the number of establishments that are sampled would effect an increase in the total number of employees who are sampled. In the context of the assumptions outlined above, adding one MSA of 172 establishments would add 5,000 cases to the employee sample. An increase of this size would add 8 percent to the variable costs of data-collection operations. As noted above, expanding the sample beyond four additional MSAs would add enough to the fixed costs of management and other tasks to effect more than a 32-percent increase in total survey costs.

TOTAL SURVEY COSTS

A workforce survey of the size and scope outlined in this section would require a total of $700,000 to $1,000,000 just for the data-collection effort. This is exclusive of costs that are related to sampling, pilot testing, or analyses. As a rule in most research projects, 60–80 percent of the study's total cost is associated with data collection. Depending on the types of analyses that are undertaken and the effort that is put into sample design and developmental testing, the total cost of conducting and analyzing a workforce survey is likely to be in the range of $1.25 to $2 million. If it is necessary to reimburse establishments for the work done by the point of contact, the survey's cost could be considerably higher.
6. RECOMMENDATIONS AND CONCLUSIONS

We begin this section by summarizing and highlighting the recommendations about sample design and data-collection methods that were made in earlier sections. Then we offer some final thoughts about the challenges presented by a workforce survey and, given considerations of cost and feasibility, some conclusions about the types of analytic issues that such a survey might feasibly address.

RECOMMENDED DESIGN

Sampling

The basic elements of our proposed sample design are summarized below:

- Use the Dun and Bradstreet Market Indicator file as a sampling frame.
- Sample establishments, then contact enterprises.
- Oversample large employers.
- Complete interviews with a sample of 2000 establishments and 32,000–40,000 employees.
- Complete 800 interviews with a national sample of employers drawn directly from the Dun and Bradstreet list.
- Purposively select ten high-intensity MSAs for local market comparisons, and complete interviews with a sample of 120 employers in each.
- Complete interviews with a sample of 20–25 employees who are “currently” on the establishment’s payroll, drawn from a payroll list. Take an absolute census of employees in small firms.

Given the analytic interest in examining the variation in workforce characteristics and fringe benefit packages within local labor and health care markets, we have allowed for the analysis of 10 such markets in a mixed design that will also produce national estimates.

Data-Collection Methods

The proposed data collection plan is summarized below:

- Identify establishments that are associated with the same firm before fielding the establishment survey. Be ready to pursue information up the corporate hierarchy to the “head office” for such cases.
- Use well-designed advance materials, a carefully planned approach, and flexible field procedures to enhance the likelihood of establishments participating in the study. For example, if an establishment can better accommodate the delivery of a
de-identified list and if all other establishments are selecting the sample, accept the list and select the sample.

- Send worksheets to facilitate the establishment interview in the advance packet that is mailed to establishments.
- Establish contact by telephone to enroll establishments in the study, collect the employer-level data, arrange for employee sampling.
- Ask the point of contact either to provide a de-identified payroll list (so that the research organization can draw the employee sample) or to follow simple instructions to draw a random sample from such a list.
- Ask the point of contact to distribute either self-administered questionnaires to sampled employees or forms granting permission for the research organization to contact and interview the employee.
- Use only very experienced, skilled, and well-trained interviewers.
- Schedule frequent and regular telephone calls with the point of contact to keep that person engaged in the project during the key stages of completing the establishment survey, selecting the workforce sample, and fielding the workforce survey. Engaging and motivating the point of contact are critical to success at both the establishment and employee stages.
- Establish an incentive strategy that directly benefits the point of contact for his or her assistance with study tasks. One strategy is a $25 incentive payment to the point of contact. Another, more costly approach, is to reimburse the establishment for the time the point of contact spends on study tasks. The latter strategy benefits the establishment as well as the point of contact and can be a valuable tool to increase levels of establishment enrollment in the study.
- Provide other token gifts to the point of contact, as thank-you gifts to other employees who help with the sampling or respond to the employee survey.
- If the employee survey is self-administered, use an optically scanned, or opscan, format to reduce questionnaire production and processing costs.
- Be prepared to field the employer and employee surveys in multiple modes (telephone or self-administered) to suit the preferences of different employers and different situations.
- Be prepared to field the employee survey in languages other than English.
- Be prepared to field “short forms” of the employee survey.

Because all of the contact with employees is through the establishment, it may not be possible to attain an employee survey response rate that is comparable with traditional, single-mode or multimode data-collection efforts, in which direct contact with the sample is possible. Because of the added layer between the research organization and the survey subjects, it will take a lot of effort to reduce the effect on the response rate to less than 10 to 15 percent (that is, a 55–60 percent response rate, while direct contact with the same population might result in 70 percent).
Under these circumstances, the best strategy may be to obtain as much of the desired information as possible directly from the point of contact—not only about the aggregate characteristics of the workforce but also about sampled employees. For example, rather than ask sampled employees about their usual hours, and wages, and their participation in specific health-insurance or pension plans, the alternative would be to ask the point of contact to provide this information from personnel records for each person in the employee sample. Notice that the point of contact would not have to identify employees by name when providing this information.

Given the uncertainties about the employee-survey response rate and the relative merits of different approaches to sampling and conducting the employee survey, we recommend a pilot test of the procedures proposed above. This pilot test would evaluate the general methodology while also focusing on four specific questions:

- Should employers be asked to provide a de-identified list for sampling employees, should they be asked to select the sample themselves, or should they be presented at the outset with a choice between these two approaches?
- Should the point of contact distribute permission forms for the sampled employees to return to the research organization, allowing the research organization to contact them directly, or should the point of contact distribute self-administered questionnaires?
- How much of what kinds of information can be obtained directly from the employer's representative(s) without surveying employees?
- What will it really cost to sample and interview employees by "remote control" and to recruit employers for a study that requires assistance with sampling and an employee survey?

FEASIBLE ANALYTIC GOALS

Given the operational constraints in identifying and surveying an employee sample, it is probably not feasible to design and implement a workforce survey that would address all of the analytical goals described in Section 2. For that matter, because of the special challenges presented by a workforce survey, addressing any of these issues will require a relatively costly and difficult data-collection effort.

As described above, a workforce survey adds two special challenges to the employer surveys that have typically been conducted in the past:

- It is necessary to sample employees from a list that each employer has to supply, and it may be necessary to ask the employer to draw the sample.
- It is necessary to collect data from employees without making the initial contact to ask for their participation (or perhaps without making any contact with employees at all).
Not only is the burden on employers increased accordingly, but the possibilities for sampling and asking questions of employees are also severely constrained. Because the sampling procedures are constrained by the minimum amount of information that all employers will be willing and able to supply, there is virtually no possibility of sampling employees on the basis of their characteristics (such as their eligibility for or participation in health-insurance or retirement plans, their choice of plan, or their status as permanent or full-time workers). If response rates are likely to be problematic, the employee survey must be quite short and easy to complete. And the number of employees sampled within each employer must be kept to a minimum to focus the employer's attention on getting survey responses from a relatively small number of employees.

Our recommended sample of only 20–25 employees per employer is sufficient to characterize the workforces of groups of employers (defined, for example, as those within a particular MSA or of a similar size or within the same industry), but these sample sizes will not yield a lot of statistical power for testing hypotheses involving individual employers that rely on the data from the employee sample (for example, to determine whether a particular employer is above or below the MSA average for some characteristic). The recommended size of the employee sample is a compromise that stems first from consideration of the burden of the employee survey on the employer. It also stems from recognition that much larger employee samples would be needed to make accurate estimates of workforce characteristics for large employers from an employee sample.

These observations lead us to recommend consideration of the following compromises in relation to the analytic agenda described in Section 2:

- Focus the workforce survey on health-insurance issues or pension issues, but do not try to cover both. Narrowing the focus will reduce the amount of information that the survey will need to collect from both employers and employees.
- Give up on analyses of employee choices among different health-insurance or pension options within employer groups. It will not be easy to sample employees according to their choices, even in the larger groups that are more likely to offer choices. And it would be necessary to draw much larger samples of employees for each employer, to characterize the employees associated with each choice. Other surveys, such as MEPS and HRS, that sample individual employees and then collect information about choices and options from the employer will support analyses of employee choices. Or employee choices could be analyzed by collecting data from employees in a very small sample of carefully selected employer groups.
- In analyses where it is necessary to use data from the employee survey to characterize the workforces of individual employers, keep the focus on small employers—where the employee survey is conducted with a census or at least a large proportion of employees. As the natural focus of many of these analyses is small employers, this may not be much of a limitation. For example, analyses of the effects of community rating of health-insurance premiums are only relevant
to the small-group market. And, because large employers almost always offer health insurance and pensions, questions related to the self-selection of employees into firms that do and do not offer benefits are also more relevant in small firms.

- Give up on longitudinal analyses that require data from a second-stage employee sample. In view of the burden imposed on employers, it seems unlikely that many would agree to participate in multiple rounds of data collection of this type.

- Because of the likelihood of lower response rates and the increased possibility of nonresponse bias, analyses involving the employee survey should probably emphasize multivariate modeling (which is likely to control for some of the most obvious sources of bias) over simple tabulations of descriptive statistics. Post-stratification of survey weights, using data supplied by the employer for all employees (or short-form survey items from most sampled employees) might also be used to correct for nonresponse bias.

While it is necessary to make some compromises on analytic goals, we are not suggesting that a great deal of the analytic agenda in Section 2 would have to be sacrificed. For example, a workforce survey that concentrated on health-care issues and collected data in an employee survey about family composition; family income; and health status, health-care utilization, and health insurance of family members would still allow analysis of many of the questions raised there. These analyses would help to inform a variety of questions related to the pooling and segmentation of claims risk among small employers, the cost and coverage effects of voluntary insurance subsidy programs, and the implications of changes in tax policy.

Our preliminary investigations suggest that the idea of a workforce survey is worth pursuing, given that it is the only way to fill some gaping holes in our current capacity to understand and analyze group health and pension benefits. However, we suggest a pilot test to evaluate both design and feasibility issues, and we acknowledge the challenges that such a survey presents. The successful fielding of a workforce survey will require a great deal of discipline on the part of its designers to avoid asking more of employers than they are willing to give. A workforce survey will probably not achieve the response rates from the employee survey that are customary in other household or employer surveys. And a workforce survey will be relatively expensive, requiring a corps of experienced, skilled interviewers and flexible data collection procedures that are tailored to each employer.
Appendix A
DATA ITEMS FOR A WORKFORCE SURVEY

EMPLOYER SURVEY

Employer characteristics

Industry
Type of employer (private, type if government)
Age of firm
Single or multiple establishments?
(If multiple)
  Number of different locations
  Number of different states where operate
Number of employees in all locations
Number of employees in state
Benefits decided centrally?

Employment

Total currently on payroll
  Permanent vs. Temporary/Seasonal
Employment varies seasonally?
  Highest employment
  Lowest employment
Expect employment to go up, go down, or remain stable over the long term?
Number of workers on site who are independent contractors or consultants
Number of workers on site who are employees of temporary agency or subcontractors

Workforce characteristics (permanent employees)

Distribution by hours per week
Percentage hourly vs. salaried
Distribution by wages/salary
Distribution by age
Percent female
Percent union members

Recruiting, retention, retirement

How many employees terminated last year?
What percent retired, voluntarily quit, laid off or fired?
How many employees expect to hire this year?
Distribution of new employees by wages/salary
Distribution of new employees by years of work experience
Three largest job/occupational categories for new employees

**Health insurance benefits**

Any offered?
(If not offered)
- Any alternative assistance with health care expenses?
- Ever offered? When last offered?
- Obtained price quote? Amount

Number of employees eligible
Eligibility criteria
Waiting period for eligibility? How long?
Number of hospital/medical plans
Number of single service (dental, vision) plans
Tax-free account for employee premiums? For out-of-pocket expenses?
Special efforts to educate employees about their health-plan options

**Characteristics of each hospital/medical plan**

Type (traditional, Health Maintenance Organization, preferred provider, point-of-service, Medical Savings Account)
Source (employer alone, union, trade/professional association, multiple employer association or cooperative)
Enrollment (total, active employees, COBRA, retirees)
Self- or fully insured?
Premiums (total, employer, employee for self and family coverage; COBRA or premium equivalent if self-insured)
Covered services
Deductible, out-of-pocket limit, lifetime maximum
Employer contribution to MSA

**Retirement plans**

Any offered?
- Number of employees eligible
Eligibility criteria
Waiting period for eligibility? How long?
Number of different pension/savings plans

**Characteristics of each retirement plan**

[To be drawn from latest version of follow-up survey with employers in the Health and Retirement Survey]
Other fringe benefits
   Employee assistance programs
   Wellness programs
   Short-term disability
   Long-term disability
   Sick leave
   Maternity leave
   Child care assistance
   Tuition reimbursement

Total annual labor costs
   Wages and salaries
   Taxes and other statutory requirements
   Fringe benefits
   Total per hour (or total labor hours)

EMPLOYEE SURVEY*
   *Starred items could probably be obtained from employer respondent instead of employee.

Employee characteristics
   Age
   Gender*
   Education
   Years of work experience
   Health status (excellent, very good, good, fair, poor)
   Number of doctor visits in the last 3 months
   Number of nights in a hospital in the last year
   Usual source of care? For how long?
   Attitudes toward insurance, risk, time-preference
   Subjective life-expectancy
   Preparations for retirement

Employee’s job with sampled employer
   Permanent or temporary*
   Usual hours*
   Wages/salary*
   Occupation/job category*
   Eligible for health insurance?*
      Participates for self? Self and family?*
      Which plan(s)?*
      How long enrolled in plan
Eligible for retirement plan?*
  Participates?*
  Which plans?*
  Tenure with employer*

Other employers
  Rights to pension from a former employer?
  Currently covered by health insurance from a former employer?
  Currently working for another employer?
    Permanent or temporary
    Usual hours
    Wages/Salary
  Eligible for health insurance? Participates?
  Eligible for retirement plan? Participates?

Characteristics of children
  Age
  Health status
  Number of doctor visits
  Number of nights in a hospital
  Usual source of care? For how long?

Characteristics of spouse
  Age
  Health status
  Number of doctor visits
  Number of nights in a hospital
  Usual source of care? For how long?
  Employment status
    (If currently employed)
      Usual hours
      Wages/salary
      Occupation
      Industry
  Size of establishment
  Eligible for health insurance?
    For self? Employer pays all, part, none?
    For self and family? Employer pays all, part, none?
    Whose employer pays more for family (employee's or spouse's)?
  Eligible for retirement plan?
    Defined benefit or defined contribution?
    Participates?
Family health insurance coverage
Who is covered by
    Employee's current or former employer(s)?
    Spouse's current or former employer(s)?
    Private insurance obtained from insurance company or some other source
    Medicaid
    Medicare
    No source of private or government health insurance
        How long uninsured?

Income, assets, and taxes
Any interest income from savings accounts, bonds, etc.? Amount
Any dividends from stock? Amount
Any rental income from property? Amount
Total family income from all sources
Own or rent home?
    Outstanding principal on mortgage
    What would home sell for?
Employee files taxes separately, jointly with spouse, does not file?
Standard deduction or itemize?
Appendix B

PROTOCOL FOR FOCUS GROUPS

INTRODUCTION

Hi. I am Julie Brown, the moderator of today's focus group. (Point out restroom, refreshments, coffee, “feel free to move around.”)

Thank you for coming. We appreciate your help. We are videotaping this discussion today so I don't have to take detailed notes and so that the project researchers who couldn't join us this evening will be able to hear from you directly. This discussion is anonymous—I won't be associating your names with what you say here—which means I would like everyone to use first names only and please don't mention the name of the firm you represent. I want to assure you that what you say here today will not be repeated beyond the small group of researchers working on this project.

We've asked you here today as part of a “fact finding” mission. RAND is conducting research to determine the best way to survey employers and employees about the type and amount of benefits available each employer's workforce and how that relates, if at all, to the characteristics of the workforce. Such research would provide employers with what we think is valuable information on how the benefits packages available to their workforce—including a spouse's benefits—compare with other employers in their geographical region.

The way such studies are usually conducted is that we approach firms, explain the goals and purpose of a research study, explain what participation would require, and invite the firm to participate. Participation usually requires providing some descriptive information about the firm such as type of industry, number of employees, number of retirees covered by pension plans, what types of health insurance plans are available, information on retirement plans, and other fringe benefits. In addition, we ask the firm to identify a contact to assist with an employee survey. This assistance would include following some simple procedures to select a scientific sample of employees, and then handing out a questionnaire or permission form to those employees and following up a few times to be sure we get a large enough response.

One concern we have about such research is the feasibility of selecting a scientific sample of employees within a firm—we're talking small numbers here—perhaps 10–25. We've asked you here to discuss the specifics of sampling employees in firms such as yours, get your reaction to this kind of research, and discuss who in your firm you think would be involved in making a decision to participate in research like this.

Before we get into the specifics of the discussion, I'd like to take a moment to have you introduce yourselves and tell us a little bit about the type of firm you represent.
DISCUSSION TOPICS

1. Thinking of a survey that focuses on benefits, and would require the participation of your firm, and 10 to 25 employees, who would participate in the firm’s decision to take part in a research study like I just described? Would the person who would end up working with RAND to select the participants and then contact them be included in the decision making process?

What information do you think your firm would need in order to make a decision about participation? What factors do you think influence the decision-making process? Would it matter if a federal agency sponsored the study? Would the participation of other firms in your region matter to you?

How would an endorsement by a leader in your industry influence your firm’s decision to participate?

Would it make it easier for you to participate in research like this if we sent someone out to your firm to work directly with your firm’s point person? How helpful would it be if we worked with you directly by phone to talk through procedures for selecting employees?

2. As I mentioned before, one product of this research would be a benchmark report, that would tell your firm how it compares to other employers in a geographical area or region. This report would not name firms and would provide aggregate or group level information that would allow you to see how the benefits packages available to your employees compared to those available from other firms and how your workforce compared to the employees of other firms in terms of things like education, health status, or access to health insurance and pension benefits through spouses. Would this report influence your firm’s decision to participate in such a project? Would it be a positive or negative influence—why?

3. What do you see as the downside for a firm participating in research like this? What is the upside?

4. How do you think employees of your firm would feel about the firm participating in a study of benefits that are available to them either from your firm or through their spouses? Does anyone think employees would have a negative view of such a survey?

5. In collecting the data for such a survey, someone from your firm would need to deal directly with the employees selected to participate, either to hand out questionnaires or to follow up and remind people to participate. In the past, this has usually been someone from human resources. How do you feel about that?
What kind of a burden would it add to someone's current workload? Are there times of the year when it would be easier/harder to take on this added work? How would this task affect your firm's decision to participate?

Would an offer of compensation, perhaps overtime pay for extra work, or paying part of a staff member's salary effect your firm's decision to participate?

How would you feel about someone from RAND coming to your firm to help your contact select the sample? Would you be willing for someone from RAND to see a list of staff and select the sample for you right there at your firm? How would you feel about someone from RAND coming to your firm to distribute questionnaires or permission forms directly to your employees?

I want to talk more about employees and employee information.

6. What types of lists of employees do you keep in human resources? What are you legally required to keep and maintain (either for tax purposes or other reasons)? What information is on the list? What other departments in your firm keep lists? What information do other departments—like finances or accounting—keep? Are lists computerized? Pencil and paper? If we wanted the “best” list of all the people who work for your firm right now, where do you think we should look for it? Does such a list exist? How would that list be organized? Would it include departments or job categories? Would it be easier for you to provide a list of everyone who worked for you over a specific period, such as a fiscal year, or a payroll period? (What period would that cover? Who would be left off the list?)

7. In our past experience with surveying employees through an employer, we found that employers were reluctant for reasons of privacy to provide employee lists that RAND or other research organizations could use to select the employees for participation. We’ve already talked about someone from RAND looking at a list at your firm to select the sample. Does anyone want to rethink their opinion about that? Would you prefer to have someone from your firm select the sample using instructions RAND provides?

What information do you feel comfortable giving research organizations like RAND about your workforce? Would you be willing to provide information like gender, age, job category, or department if it didn't include any names (a list like this could be sent to RAND and used for sampling)? What concerns do you have about that? Would you be willing to provide names and home numbers to be used to contact employees outside of work hours? What about names and home addresses?
8. How likely do you think it is that employees of your firm would participate in a 20 minute phone interview or take 15 to 20 minutes outside of work to fill out a questionnaire? What could we do to make participation more attractive? How would employees feel about a donation to a company recreation fund?

9. How would you feel about nominating two or three employees from your firm to attend a discussion like this one?

CLOSING

Thank you very much for helping us out today.
Before you go, I have a form for you to fill out if you are willing to talk with me about an employee focus group.
For more information about the study, contact Pamela Short, Ph.D., in RAND's Washington Office (202) 296-5000, ext. 5302.

PAY RESPONDENTS/SIGN RECEIPT/GET CONTACT NUMBER FOR THOSE WILLING TO NOMINATE EMPLOYEES FOR A GROUP.
Appendix C
RAND FOCUS GROUP SUMMARY

Location: Santa Monica, California
Date of Group: May 8, 1997
Population: Establishment staff most knowledgeable about employee benefits
Moderator: Julie Brown

PARTICIPANT DEMOGRAPHICS
The eight participants represented a broad range of firms, including retail, entertainment, professional services, manufacturing, commercial, industrial. Small, medium, and large-sized firms were equally represented in the group. Half of the participants came from multiestablishment firms, with locations in other states or multiple locations in California. The group consisted of four men and four women. Group participants were vice presidents in charge of human resources, directors of human resources, and firm owners.

PROTOCOL TOPIC 1: Who is the Survey Participation Decisionmaker?
All but one of the group participants would have participated in the firm’s decision to take part in a workforce survey. In three of the firms, a management committee would meet and make a decision; in four firms, the group participant would be the sole decisionmaker. In the remaining firm, the group participant would explain the purpose, goals, costs, and benefits of a workforce survey to her firm’s (sole) owner, and he would make the final decision about participation. In addition, all participants identified themselves as the point of contact who would facilitate the completion of the employee survey, draw the employee sample, and distribute employee surveys or permission-to-contact forms.

What factors influence the decisionmaking process? “How much will it cost, and whose time will it take?” asked one participant. This question was echoed by all group participants. Other factors that influence the decisionmaking process include:

- How does participation benefit my firm?
- Whose time and effort is involved? For how long?
- How much trouble will participation cause for me?
- How long is the employee survey?
- What questions does the employee survey ask?

Participants said clear, concise information that spelled out how participation in a workforce survey would benefit the firm was most important to the decisionmaking process. They wanted honest, specific information about how much time they would have to spend as point of contact and for what duration of time. Participants were willing to allow employees
to complete a five- to ten-minute questionnaire on “company time.” A survey beyond ten minutes would need to be completed outside of work hours; if the survey were as long as 20 minutes, at least one participant said he would not participate in the project. Participants all said that they would need to see a copy of the employee survey before a decision could be made to participate. If the decisionmaker(s) felt the survey items were too personal, the firm would not participate. Questions that were identified as “too personal” included items on specific health conditions employees might have and a report of income as a specific dollar amount (income reported in numeric ranges, such as “less than $5000” or “$5001–$10,000,” was viewed as acceptable information to collect by the group participants).

Would an in-person visit from study staff facilitate participation? Telephone, fax, and mail contact were the preferred modes of communication with study staff. The consensus of the group was that it would take too much time away from the usual routine of the firm’s business to work with a study representative on site during the decisionmaking and sample-selection phases. “I’d much rather talk with you by phone to get answers to specific questions I have than to have to set aside a whole morning to meet with you.”

PROTOCOL TOPIC 2: Benchmark Report as an Incentive

The benchmark report was seen as a valuable product of participation by most participants, if it allowed them to compare their firm with other firms in the same industry within their market or region. Representatives of retail and professional service firms said that a report that allowed only a national or state-level comparison by industry would be of no value, because the employee market for their industry could differ greatly from Northern to Southern California. No one saw the benchmark report as a negative influence on participation, but two participants (one an owner of a small firm, the other a representative of a large firm) did say that it would have no influence (negative or positive) on participation, because it would be of no value to them.

PROTOCOL TOPIC 3: Benefits and Drawbacks of Participation

Representatives from small firms expressed concern that an employee survey completed at work would be too much of an interruption and have a negative effect on productivity. Employees have important duties to perform at work, and there is no one to fill the gap while an employee takes 10 minutes to complete an interview. All participants felt a self-administered survey was preferable to a phone interview, because it could be completed any time and could be set aside temporarily, say, to answer a client phone call. One participant from an industrial firm, which runs shifts 24 hours a day, said that he would never be able to get employees on the night shift to participate, because he never has direct contact with them. This participant was also concerned about surveying a sample of employees:

If I give a questionnaire to one guy on a shift, the other five guys are going to want to know why “he” gets to do the survey and they don’t. They won’t understand about sampling, even if I explain it to them.
PROTOCOL TOPIC 4: Employee Perceptions of Firm Participation

There was little discussion of employee perceptions of firm participation. Most participants had no views to express on this topic, although one participant said that it all depended on how the study was presented. All participants agreed that study materials sent to employees needed to make it clear that the employer was not sponsoring the study.

PROTOCOL TOPIC 5: Employer Liaison

An offer to pay a portion of the employer liaison's salary to defray the costs of participation would have a positive influence on the firms' decision to participate, although no participants identified financial remuneration for the point of contact's time as a prerequisite for participation in a workforce survey. As mentioned above, participants expressed a strong preference against dealing with study staff face to face. None of the participants were willing to allow staff from a study organization direct contact with the workforce to distribute questionnaires.

PROTOCOL TOPIC 6: Employee Lists

With the exception of one small firm, all firms represented in the group maintain one or more lists of employees that could be used for sampling. Participants identified payroll lists as the most accurate and easily accessible list of employees to use for sampling. While other lists exist, they would include retirees who are not active members of the employee workforce and staff not directly paid by the firm (such as workers supplied and paid directly by temporary agencies), or exclude staff who worked in the field providing customer service. Participants who contract payroll out to a vendor also identified payroll as the most accurate and accessible list of employees. Current or past-period lists could be readily obtained by all participants, but at least three participants report that past payroll data are not stored "on line," requiring extra expense to retrieve. These participants identified past payroll data as beyond the fiscal or calendar year in two cases and beyond current payroll in another case. At least one of the small firms would have difficulty creating a retrospective list of employees and doubted it could be done. At least one participant would remove upper management staff from the list. "They're much too busy and would never do a survey," she said.

All participants were willing to provide RAND or another research organization with a list of employees in which names were removed and employees were identified by numbers to use in selecting an employee sample. In fact, at least one participant said that having a research organization pick the sample from a list would have a positive influence on participants because it would mean less work for the employee liaison. Participants had differing views as to how much information the list would include. Some participants would be willing to include exact wage information, job title, benefit eligibility, marital status, and information on dependents. Other participants expressed concern about providing such detailed information and stated they would only be willing to provide salary information as a range. These same participants would prefer to provide job categories rather than specific titles and would not provide any information on benefit eligibility, marital status, or dependents.
PROTOCOL TOPIC 7: Confidentiality Related to Employee Lists

None of the participants in the group would provide a research organization with information that could be used to mail surveys to employees directly at work or at home. None were willing to provide a research organization with information that could be used to contact employees by telephone at work or at home. No one expressed any concern about the confidentiality of information provided on a list that was stripped of employee names, regardless of the level of detail the list contained.

OVERALL IMRESSIONS

One participant in the group had difficulty getting beyond issues related to the size of the employee sample. In particular, this participant did not see how a sample of 25 employees could provide any information that would be scientifically meaningful in a benchmark report or yield any useful information for him. Talking about workforce surveys in general was problematic for this participant. He wanted to focus on the specific research goals and the level to which the data would be generalizable (“Can you compare across SIC codes?”). Unfortunately, the protocol did not supply enough information to answer questions on these topics.

Participants had concerns about errors in data collection resulting from errors in employee responses to survey items about the benefits they use. One participant expressed the concern that employees do not fully understand their benefits packages: what they are eligible for, how to obtain it. As the participant said, “They don’t understand it after I’ve sat for an hour and explained [their benefits and coverage] to them over and over; how can you expect them to tell you what benefits we provide?” Others chimed in, in agreement.

A participant from a manufacturing firm expressed concern about the ability to survey employees who do not speak English or who are in the field making sales or service calls. Providing materials in the native language of non-English-speaking employees would be required for their participation. The employee liaison would need help from a research organization to think of ways to enable the participation of field staff.

While participants felt their firms would be willing to participate in a workforce survey as described in the protocol, and all were willing to provide anonymous lists to use in sampling, all felt that it was unrealistic to expect more than half of the employees selected for an employee survey to complete and return a questionnaire.
Appendix D

WESTAT FOCUS GROUP SUMMARY

**Location:** Bethesda, Maryland  
**Date of Group:** June 12, 1997  
**Population:** Human Resource Professionals  
**Moderator:** Dr. Jeffrey Kerwin

**PARTICIPANT DEMOGRAPHICS**

Of the eleven participants, nine were female and two were male. Three individuals represented small firms; four, mid-sized firms; and four, large firms. Of the eleven participants, six represented companies with more than one location, and five of the six had locations outside of Maryland.

**PROTOCOL TOPIC 1: Who is the Survey Participation Decisionmaker?**

Some participants reported that this was an upper-management decision. Only one respondent reported having “formal” company policies regarding survey participation. Respondents mentioned that it is part of their job to “sell” the survey to upper management (i.e., how it benefits the company and participants), but the final decision as to whether the business would permit employee participation is usually beyond their control.

The length of the survey, confidential nature of the questions, and the benefits to company would need to be described before the decisionmaker could make an informed decision.

*What additional information would you need to participate?* More than half of the participants agreed that, to participate, it would be beneficial to tie the study into larger issues. Along this line, promise of an executive summary was viewed favorably. However, all agreed that reports would mostly be of interest to employers, not employees. Additionally, many felt they could not agree to participate until the survey questions were reviewed carefully by upper management.

*Would endorsement letters affect participation?* The majority of respondents felt that a government-sponsored survey would remove suspicion regarding study purpose and distinguish it from an increasing number of calls and solicitations. All the respondents reported that endorsement letters from leaders in their industry would not positively affect their willingness to participate in a survey. As one respondent said,

> People may have a good or bad feeling towards that individual. It almost has to be a super political person, someone with broad interests or concerns, someone who worries about all of Americans, but who is that person?

Most respondents commented that the survey itself should have media attention prior to administration. As one respondent said,
I think if you're going to do something like this, you've got to be open, it doesn't have to have a lot of fanfare, but the public has to have heard of it through the public media.

Would it be easier for you if someone from the research firm assisted you in selecting your employees? All of the respondents expressed a clear unwillingness to have the contractor visit on site to assist in sample selection or data collection. Reasons for this strong reaction had to do with the confidential nature of company records, as well as an excessive burden of scheduling time with the data collectors. As one respondent said,

Do you realize how much selling I would have to do? For what, just so your company would benefit? Or some government agency benefit? It would never work. It would never work in my company.

PROTOCOL TOPIC 2: Benchmark Report as an Incentive

While the majority of respondents feel health care is an important issue of concern to themselves and their employees, the majority reported that they would not want their employees to see how their results compared to other businesses. Therefore, a benchmark report was not viewed favorably. Others felt such a report might be of interest to employers, but stated, that

there is still no benefit for the person filling out the survey. What's in it for them?

One respondent felt a benchmark report would be useful because it would show employees how the data were actually used.

PROTOCOL TOPIC 3: Benefits and Drawbacks of Survey Participation

Comments surrounding the positive and negative aspects of survey participation occurred throughout the focus group. The main positive reason reported for participating in a health care–related survey is the relevance of the topic to most Americans. The main downside of participation was most vocally expressed by respondents from small companies who did not want their employees to see how their benefits compared to others. These respondents were certain that the benefits they offered would not compare favorably to other comparable firms. Not surprisingly, all respondents felt their participation would require too much time and effort.

PROTOCOL TOPIC 5: Employer Liaison

The majority of respondents indicated that they would not have the time to assume the role as the project liaison. In smaller firms, respondents did not feel the burden would be overwhelming. However, one respondent who owned several small businesses described her perspective regarding the liaison role as one of a conduit between the government and the employee. In elaborating on this role, she states,

It (the role) has to be as clear as possible that the employer is not in the loop to the people. I think in order to get good data and avoid ripples and backlash against me, the
employer should have no involvement. I think coming from a government agency would carry more clout instead of coming from me.

Most respondents agreed that fall and winter were the best times to conduct the survey.

Would compensation to employees increase participation? Respondents felt some type of incentive would increase employee participation. All of the participants agreed that the incentive should be personal and directed to the employee (e.g., money, little gifts), rather than a companywide donation or report summary. However, at least one respondent was worried that incentives could cause problems among those employees who did not have the opportunity to participate in the survey.

PROTOCOL TOPIC 6: Employee Lists

All of the respondents reported that their business had computerized employee databases, which could be organized in a number of ways. Most of the employee files contained information such as social security number, salary, insurance participation, life insurance participation, age, and number of dependents. One company keeps independent contractors and union personnel in separate databases.

PROTOCOL TOPIC 7: Confidentiality Related to Employee Lists

All of the respondents reported that they would not provide the researcher with lists of employee names, SSNs, or any other identifying information. One respondent said,

I think people believe when they work for an employer they think their personal information is confidential. I think when there is a breach of that trust it becomes a domino.

All of the other respondents agreed strongly with this statement. If any information about employees was released, it would be broad headcount numbers.

Other respondents seemed afraid to accommodate such a research request because of fears and concerns about charges of illegality or improper employment practice that were not easily assuaged during the focus group discussion. For example, one respondent stated,

You don't want to lay your company open to any kind of charges about anything. You never know…it could be damaging to the company.

Some respondents felt the employee would be in the best position to determine what he or she considered sensitive information. However, if employers are not willing to distribute surveys, employees cannot make that determination.

OVERALL IMPRESSIONS

The task for the group to discuss might have been too hypothetical. Most of the respondents had a hard time discussing the data-collection context without a firm
understanding of the survey content. Future focus groups should provide respondents with a sample employee survey and directions for sample selection.

It was also very evident that businesses are asked to participate in too many surveys. For this effort to be successful, the merit of the research needs to be communicated through the media (e.g., public service announcements) prior to survey administration.

The role of the employer should be further examined. Specifically, at least one respondent suggested the employer assume a passive role with little involvement, whereas others discussed being more involved in the administration process. However, this involvement was also viewed as requiring perhaps more time from employers than they were willing to provide.

The majority of participants also reported that, if such a project were successfully implemented, they would prefer mail versus telephone communication with the researcher. At the employee level, a telephone survey does not appear to be a viable option under any conditions. All participants reported that they would not release employee names and phone numbers.
REFERENCES


