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**Achieving Economic Success with Good Working
Conditions for All Employees: A Case Study of the
Great Little Box Company**

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Achieving Economic Success with Good Working Conditions for All Employees: A Case Study of The Great Little Box Company

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Institute for Health and Social Policy Case Study 1

The purpose of the Policy Fellow Working Paper Series is to promote the circulation of case studies prepared by policy fellows at the IHSP who have worked on the impact of social conditions on health with the double aim of stimulating comments and suggestions, and to create an international forum for policy-oriented work on these issues. These papers are one of the outcomes of our 5-year project: *Population Health: Moving from Evidence to Effective Policy*. One of the goals of this project is to provide students with opportunities to conduct field work and to share their perspectives on how to translate evidence into effective Canadian and global policies and programs.

The research and the views expressed in this paper are those of the author and do not necessarily reflect the views of the members of the Institute for Health and Social Policy or of the IHSP as an institution.

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Abstract

This case study examines whether it is feasible for a Canadian company to provide good working conditions for low-skilled employees while remaining competitive and achieving economic success. The Great Little Box Company (GLB), a manufacturer and distributor of corrugated boxes in the lower mainland of British Columbia, was chosen based on surveys of Canadian employers and annual lists of top Canadian employers. GLB has consistently ranked as one of the best companies to work for in both BC and Canada, according to rankings created by Macleans Magazine, Financial Post, BC Business Magazine & Watson Wyatt and The Quality Council of BC. It has a turnover rate of 3% and has grown aggressively, from three employees at a 5,000 square foot production plant in 1983, acquiring five smaller companies in the last five years and recently opening a new, larger, production facility. Research consisted of on-site interviews with management and staff over a two-month period. More than 50% of entry-level production employees were interviewed, as well as four members of the management, including the CEO of GLB. The key aspects of GLB's working conditions are defined as openness, participation, flexibility, support, wages, and traditional benefits. The study also examines GLB's motivation for and the effects of these initiatives, including increased productivity and retention rates and employee recruitment.

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1. Introduction

There's ... an attitude towards workers that you don't find in many other companies. It's not so militant. You know, in some companies you show up, do your work, they crack the whip. They're very focused here on the interests of the people, getting people involved with how the company's doing, keeping them well-informed.

- GLB employee #28

The present case study was proposed to examine whether it is feasible for a company to provide good working conditions for its low-skilled employees while remaining competitive. This case study examines an economically competitive company that provides good working conditions for its "low-skilled" employees. The chosen company was the Great Little Box Company (GLB), a manufacturer and distributor of corrugated boxes located in the lower mainland area of British Columbia. GLB is remarkable not for its wages or traditional benefits, but for its supportive yet competitive work environment in which employees are positively motivated and rewarded for productivity.

First, a word on terminology. The term "low-skilled" does not have a strict definition in labor. A helpful description is Human Resources and Social Development Canada's National Occupation Classification (NOC) "skill level D", defined as "short work demonstration (no formal education required)".¹ At this classification level, employees require no formal previous education or training and employer-provided training is minimal. The employees interviewed at GLB fit into this category. GLB refers to employees of this skill level as "entry-level employees".

The term "good working conditions" is defined here as incentives, wages and benefits that are better than the legal minimum set out in applicable employment and health and safety standards legislation. The concept covers many dimensions including flexibility for family needs and career trajectory assistance.

2. Methodology

The approach to this case study occurred in two stages. First, a list of potential companies was compiled based on online, newspaper and book surveys of Canadian employers. The main source was MacLean's magazine's annual lists of the Top 100 Canadian Employers. Companies that looked promising were followed-up on to

determine if they fulfilled the requisite criteria (economic success and good working conditions for low-skilled employees) and were interested in participating in the study.

The second phase consisted of on-site interviews with management and staff. Interviews were conducted over a two-month period. From management: a Production Supervisor, VP of Production, CEO, and a Human Resources representative were interviewed.

Thirty-five entry-level production employees were interviewed. The Production Supervisors selected staff to be interviewed. This was done in order to keep production running smoothly during the shifts, as interviews were conducted during work hours. There is a potential for bias in favor of the company due to supervisor selection of interviewees. However, interviews were conducted with more than half (35 out of 65) of the entry-level production employees. The interviewed employees were all male, as there are only six women in the 75 overall production staff. All but four of the interviewed employees were visible minorities. The seniority of employees varied from one month to 22 years. For details see Appendix II: Interview Schedule.

3. Company and Industry Overview

GLB manufactures and ships custom and stock corrugated boxes and displays, produces foam protective packaging and labels, and distributes a range of shipping and moving supplies. In an industry dominated by large multinationals, GLB is the largest corrugated box firm in the region that has its headquarters in British Columbia.² Its customers are mostly wholesalers and manufacturers. Its head office and production facility are located in Richmond, BC. There are branch offices in Victoria, Kelowna, and Washington State. GLB opened in 1982 with three employees and a 5,000 square foot plant; it now has 200 employees and a 250,000 square foot production facility. Despite its rapid growth, GLB consciously maintains the feel of a small, family operation through techniques such as frequent social events and common lunch rooms.

British Columbia has experienced a sudden economic boom in the past six years, but not all areas of the economy have benefited.³ Between 2001 and 2005, BC averaged real GDP growth of 3.4%, compared to the national average of 2.8% over the same period.⁴ The housing industry increased nearly 80% between 2000 and 2004.⁵ Corporate

profits in BC jumped from \$12.6 billion to \$20.1 billion between 2003 and 2005, inspiring a surge of investment spending; \$17.8 billion in 2006 compared to \$4 billion in 2003.⁶ Manufacturing, though still BC's third largest industry, has been in decline.⁷ The corrugated box industry, GLB's main production focus, is no exception. Many clients were furniture manufacturers, who folded due to competition from China.⁸ The company's response has been to diversify into foam production, shipping, labeling, and the paper box and carton industry.

Another unusual aspect of GLB, aside from its success in a dwindling market, is its size: most competitors are large multi-nationals. According to the CEO, GLB has succeeded because of their good service, quick turnaround and on-time delivery. The company has used its relatively small size to its advantage, allowing it to turn around orders in a matter of days instead of weeks.⁹

GLB has been balancing its books while growing consistently, despite BC's inconsistent economic performance over the past 25 years. In 2006 the company recorded \$30 million in sales and saw returns on sales of 3% (in 2005 it was 6.2% and in 2004 it was 8.5%).¹⁰ According to GLB's balance sheet, its total assets as of July 2007 were 10,413,964 while liabilities were 5,352,084, resulting in a debt-to-equity ratio of 1.06; in 2006 the ratio was 1.50.¹¹ In August of 2006, GLB headquarters and production moved to its new facility in Richmond, BC. GLB has been growing aggressively, acquiring five smaller companies in the past five years.

As of 2007, GLB has 200 total staff. It has 75 employees in foam and box production and shipping, all full-time, 56 of whom are entry-level.¹² GLB management considers the term "low-skilled" degrading and misleading. They prefer to use the term "entry-level". All production employees work at the Richmond production plant. 90% are immigrants and all but 10% of the immigrant employees come from Asia. They earn between \$12 and \$25 an hour.¹³ The jobs in foam and production involve heavy lifting and machine operation. Shipping employees use forklifts to assemble orders. It is important to note that GLB does contract out a certain number of laboring jobs. Through a labor contractor, GLB brings in between five and 15 workers for basic laboring work. These workers are not employees and do not get any benefits from GLB. None of the non-employee workers were interviewed or included in statistics about GLB's workforce.

The average age at GLB is 34 and the company's average seniority is 8.3 years, although Human Resources noted this figure has been diluted due to increased hiring from rapid growth over the past two years.¹⁴ According to a Human Resources representative at the company, the turnover rate for the entire company is about 3%.¹⁵

GLB is renowned in BC as an excellent employer and a well-run company. Awards won include Best Company to Work for in BC (BC Business Magazine & Watson Wyatt): 1st place in 2006; Financial Post's Top 10 Companies to Work for (2006); Canada's Top 100 Employers (Macleans: 2005-2007); BC Top 30 Employers (2005-2007); Canada's 50 Best Managed Companies (2004, 1999, 1995); and the Quality Council of BC Award of Distinction: 1999 (for Customer Focus) and 1997 (for People Focus).¹⁶

According to the GLB employee handbook, the company values maintaining an environment of trust by treating people with respect, fairness, and honesty; running the business in an ethical and professional manner; and having fun.¹⁷

4. Findings

4.1 Key Aspects

What makes GLB a remarkable employer? Interviews with management and, in particular, staff showed GLB is distinct because it fosters a team mentality among all employees based on trust and respect. The policies and benefits have been divided into four (interrelated) categories through which this mentality is expressed: openness, participation, flexibility, and support. The result, according to the interviews conducted, is a work environment in which employees feel engaged in the company's profitability but also respected as individuals. Nearly all the employees commented very positively on the company and their work. It is important to note that there are also problems associated with some of these initiatives; pertinent criticisms and complaints derived from the interviews are included within each category. It is equally important to add that the majority of employees interviewed stated they had no or only minor complaints about their workplace and benefits. Therefore, when examining the complaints it must be remembered that only a minority of employees (sometimes as few as two) voiced these issues.

4.1.1 Openness

GLB's "open door policy" allows any employee to speak to any supervisor or manager. Furthermore, management indicates that it is open to all suggestions. Many employees commented positively on this approach:

My supervisor's boss, he heads off shipping. He's the top of it. I can walk into his office right now and say, you know what, this pisses me off, look at this. Nine times out of 10 he'll do it. We were having a little issue with forklift maintenance, just things weren't being maintained up to snuff. So I walked into the office, and said dude look at this. And he said, yeah, you're right. And he actually said, I'm going to put you in charge of forklift maintenance. Your idea, go ahead do it. That's refreshing. (Employee Interview #22)

It's very open. If you cannot complain to the supervisor then you can go to the president. That's what Bob [the CEO], he say, if you have anything cannot be solved you can go directly and say something (sic). That's good. Wide open for everybody. (Employee Interview #7)

Interviewees generally felt that the management took their ideas seriously and that even when an idea was turned down it was for a good reason:

I'm never thinking like I'm an employee ... I have a lot of chances to say ideas. The bosses, they are listening. Speak up, if you're right he'll say right on, you're right. ...If you're wrong he'll tell you no I don't accept it. So speak up, not 100% they say you're right, but you want the boss and management to listen, right or wrong (sic). It's up to them to make a decision. My boss has a very open mind. (Employee Interview #19)

Every year GLB has an anonymous Employee Survey. Questions are asked about the work environment, job conditions, staff relations, and compensation. Results are typed up and posted for all employees to view. Management will also respond to any problems that come up in the surveys. In 2003 the company increased wages in response to employee complaints registered in the survey.¹⁸

Each employee also meets four times a year, one-on-one, with their supervisor. At each meeting they establish performance goals and assess how well the employee measured up to the goals set last quarter. They also discuss how the supervisor can assist the employee in achieving these goals and the supervisor's own performance.¹⁹

The company is also open about competitiveness and productivity. There are monthly meetings with all staff, where the CEO announces the monthly profits or losses and future targets, along with assessments of each division's performance.²⁰ The CEO explains the reasons for the results and ensures everyone understands what the figures mean.²¹ Every week, production supervisors post a graph showing the number of orders processed by each machine by the day shift and by the night shift.

4.1.2 Participation

Employees are encouraged to contribute to the company through a variety of means. GLB values each employee's work, from janitor to VP, and rewards employees who make extraordinary contributions. On the flip side, some employees felt the incentives created favoritism by discriminating against employees who may be culturally quiet and unlikely to speak up.

- Profit-Sharing

Under GLB's profit-sharing scheme, 30% of company's monthly profit is split equally at the end of the month among all employees, resulting in an average monthly dividend of \$150 per employee over the past two years. From March 2002 to June 2005, the company paid out profit-sharing for 40 consecutive months averaging \$200-\$300 per employee per month.²² The profit-sharing amount is added to each employee's paycheque at the end of the month. Any further bonuses are deducted after the profit-sharing. Each section also has its own profit targets and all staff in the section are rewarded if their section meets its target.

- Points System

Another scheme is the "points system" bonuses, for production employees only. Any employee who finds a mistake or quality issue gets a point, with a value of \$1. If there are no product returns that month, all production employees receive points. Points can be accumulated over time. They are paid out in gift certificates, purchased at the employee's place of choice (i.e. Superstore). The HR representative estimated that on average the points total \$50 a year per staff member, although she has no specific statistics. A few employees commented on the points system, one noted he has known staff who bought TVs and refrigerators on points.

- **Box Goal**

The biggest participatory incentive is the “Box Goal”. A profit target is set at the beginning of the calendar year and announced to all employees. If it is met at the end of the calendar year, all employees who have worked at least six months full-time in the last 12 go on an all-inclusive trip to Mexico or Las Vegas. There were trips in 2005 and 2004 but not 2006, due to the new facility purchase.

- **Idea Recognition Program**

Another scheme, mentioned by many interviewees, is the Idea Recognition Program. Employees receive \$10 for an idea that improves the company. If it is a major cost-saving idea, the employee receives a percentage of the cost-savings to the company. There are no company statistics tracking how often this occurs but several interviewees mentioned receiving it personally:

Whatever innovative idea’s given to the management, the management will respond for that immediately. Because the production personnel has more ideas. Because every day they run the machines, they know everything. Compared, for example, in the offices are the ones making the hard copy. When it comes to production there are a lot of problems already. The idea I said before, about safety, they value for that. That idea gives me an award as a best employee for this month! The top management is very nice. (Employee Interview #16)

I had an idea last month on just the way we tag things. If I pick an order I have to label it so we can find it. This is a whole warehouse right, have to be able to store and find it efficiently. But there were some things missing from that label that I thought should be on there. They took that idea, implemented it, and now I’m going to receive like \$10, it’s not a big deal but it’s just the incentive to encourage you. We want your ideas so much that here’s some money. (Employee Interview #22)

- **Award of Excellence**

There is also an Award of Excellence, for which employees nominate one another. All nominees are recognized before the entire company, receive a small gift, and are taken to supper by the CEO and his wife. In 2004, one employee was nominated for meeting a customer's rush order on a weekend by using her own vehicle to deliver the product.

- **Social Atmosphere**

GLB also encourages participation through positive social interaction both during and outside of work hours. To encourage mingling between departments there are monthly social events and staff are encouraged to eat in the common lunch room. For CEO Robert Meggy, social events are an extremely important factor for fostering a positive work environment:

I've always liked social events. I know that people who do not go to social events don't last long. Not bad people, but those who don't go to social events usually aren't interesting people to work with. And the people you work with makes a big difference, as to whether you enjoy your work or not. Not necessarily the job but certainly the people you work with. Your supervisor's by far the most important influence on you, things like that.²³

For Meggy, hiring employees who are a "good fit" socially is integral.

I must have had six hours of interviews. It was that they wanted me to meet a lot of people and they wanted the opinions of those people. Which I found really cool. Usually you just interview with the boss and he says ok we'll try it or we won't. I was interviewed by my current supervisor, his supervisor, the warehouse manager, even somebody that ended up being my co-worker. They wanted those opinions, to see if he's going to fit into this group. (Employee Interview #22)

Many interviewees commented on the resulting positive social environment:

The employer is good. My manager, my supervisor, they treat me very good (sic). My boss, my manager, after work we are friends! I'm so happy with that. (Employee Interview #5)

I enjoy the working environment here. There's good camaraderie. Lot of little tiny things they do, burger days, and trips, and just the little things. (Employee Interview #8)

They even discourage us from having lunch in shipping. They want us to come to the main dining hall so that we all get to be together on the time we're not working, so there's a social atmosphere and getting to know each other so there's not that compartmentalizing of people where I don't know what's happening in production. (Employee Interview #22)

Several employees cited friendly co-workers and managers as one of the best things about the company. "It's fun to come to work," one added (Employee Interview #3).

- **Perceived Favoritism**

Although most employees were either positive or neutral about GLB's emphasis on participation, a few criticized the bonus and incentives programs as well as the open door policy for favoring individuals who are outgoing or participate more in the company environment. One employee commented, "If you know how to, how to say, if you're good in talking to the boss and manager then you are ok. If you are not good in talking, you do your work, you won't be ok" (Employee Interview #6). Two interviewees suggested that recent Asian immigrants are at a disadvantage because, culturally, they tend to be less outspoken than people who are born in Canada. A poor grasp of English may limit employees' potential to participate. The VP of Marketing noted that the majority of bonuses and incentives are based on measured performance so the majority of economic gains are distributed equally and solely on the basis of productivity.

4.1.3 Flexibility

GLB's employees consider it to be a highly flexible employer that is responsive to their needs. Management actively tries to allow for job flexibility and security.

Interviewees gave multiple examples of the company's willingness to accommodate an employee's particular need or situation:

When my boy became sick [with cancer], I called in. The company felt very sad. I was supposed to be working afternoon shift. Just because of [my son's sickness], my time is flexible. I can come at 1 o'clock, noon. They give me very flexible times, because they know I have all kinds of things to take care of. I don't know that other companies do that but here they're always there to help me. Not just only me, with other workers they are the same. (Employee Interview #19)

We had some people that, I guess their wives changed their shift or something, so certain people had to make a move for a couple months. They're pretty good. They'll just ask other operators if they want to go day shift for awhile. But they're flexible. They're helpful like that. (Employee Interview #9)

Flexibility extends beyond cases where the employee has a family crisis or a problem:

There's a guy working in our group, he's Muslim. Every Friday he has to go to the mosque at around 2:30. So usually he just takes off at 2:30 and come back at 4:00 or 5:00 and works an extra couple hours. So it's very flexible. Even the supervisor is very easy-going. (Employee Interview #17)

They know, I'm good at what I do so the company benefits. In six to seven hours, I do the same job as another guy in eight hours. I don't stick around for eight hours. First they said no, then I said that's it. Then they said, do whatever you can, make sure you do your job. I said, yeah I promise. I stop my lunch if I have to, so I can go home. They are pretty good if you ask something. As long as you're not killing the production. If you're trying to help out, they're open. (Employee Interview #25)

Employees can also take extended unpaid leave. This is particularly beneficial for production employees, most of whom have family in Asia. A few interviewees mentioned they knew of people who had used this benefit to visit family for a month or so, knowing they would have a job on their return.

The management can afford to be flexible because employees are cross-trained during the slack season after Christmas. Interested employees are trained to work other jobs on the same machine or a new machine. This strategy has two benefits. First, it prevents lay-offs by ensuring employees have work when the number of orders is low. Second, it allows management to be flexible with an employee's schedule. Because there are always several employees who can do each job, if one employee requires flexibility in a shift or work hours another can be brought in to accommodate the need. It also ensures no one employee is singled out for overtime work as there is a pool of workers the management can ask to work overtime.²⁴

The most serious complaint raised in the interviews related to training. Although most employees said they found the training satisfactory, and several said it was excellent, a few believed the process could be improved. The VP of Production explained that because the machines are so specialized, and the production facility is organized in a specific way, GLB does not seek people who have previous training in corrugated box production. He described the training as "in-house". Interviews with employees revealed that the training consists of working with another employee; therefore the quality of training depends on how well the old employee explains the job. As one employee described it, "They kind of throw you in. They say, 'well do it' and the person working with you shows you around. You're kind of at the mercy of the person you're working with" (Employee Interview #8). Consequently, sometimes the employee starts work without fully understanding the job. Most employees stated they did not find the training

inadequate but several employees mentioned it was difficult to learn the job and two said they felt better training would reduce the number of accidents.

4.1.4 Support

Manufacturing is an extremely physically demanding job. Most employees did not feel their workload was too intense or stressful, however, most found their days were busy and tiring. Those who did find the work intense noted that they felt able to ask for assistance and the supervisors were understanding of their needs.

Supervisors were almost universally praised for being responsive to employees' needs: "He'd do anything for us" one interviewee commented. As well, almost all interviewees said they also got on well with the vast majority of their co-workers.

I never thought I would work in this, production. But actually I really like the environment in this company. I've heard stories about other companies but right from Day One I really find it suitable for me. I don't know the other departments, but in foam we have seven guys and we always get along very well. There is no pressure. Although we're very busy, but we help each other. Foam is the busiest department. We have overtime a lot. We have no problems. We really get along with each other very well. So far, this company is good. Bob has treated the employees very well. (Employee Interview #17)

The people here are pretty good. They're nice. I've never had a problem. The people here treat you pretty good, they respect you. Not like some other jobs, your boss or supervisor other places are like on you so much. I used to work at the butcher assembly line and they're just, you're working hard already and they're just yowling for no reason. ... Here, I'm the operator, have my own crew, so I know what I'm doing. Supervisor will come for doing his checks on the ink jobs, seeing if the colour's right and stuff, but no-one's really pressuring you or bugging you. Maybe some hot orders right away they'll make some changes but no-one's like on your back. Nobody likes to work like that. (Employee Interview #9)

The new production facility is another example of how management supports their employees. Skylights ensure natural light and some labor-intensive tasks are now automated, which reduces the physical strain on employees. Several employees said that the physical environment is excellent and superior to the previous facility.

A further example is the Health and Safety Incentives Program, which offers production staff rewards when they achieve a certain number of days without any

employee taking time off due to a work injury. After 30 days, the company holds a Bingo game (employees all win at least \$10 cash) and after 60 days they hold a staff barbecue. Almost every employee interviewed mentioned this program and noted it had positive effects on safety.

To encourage productivity, every week the management posts graphs showing each shift's production rate per machine. A few employees indicated this focus on competitiveness was stressful and encouraged bad blood between day and night shifts. One employee explained that people generally did the best they could, and the graphs made them feel pressured to improve their performance when it was not possible, but most employees had positive comments about the management's performance expectations.

4.2 Wages

GLB's wages are average for the corrugated box industry.²⁵ Wages for production staff range from \$12 per hour to \$25 per hour. The average wage for employees interviewed in the present study was \$16 per hour. This is roughly equivalent to the living wage for the Lower Mainland according to ongoing research by Dr. Dan Zuberi.²⁶ Statistics Canada states the average hourly wage (excluding overtime) for converted paper product manufacturing in BC for 2006-2007 was \$19 per hour.²⁷ This seems considerably higher than the GLB average wage, but there are a few factors that may explain the discrepancy. First, whereas the GLB sample is limited to low-skilled workers, the Statistics Canada data incorporates a variety of skill levels. Furthermore, GLB wages are usually supplemented by profit-sharing, described in more detail in Section 4.1.2, on an average totaling about \$1 extra per hour (and more in highly profitable years).

Most of the employees interviewed stated they were satisfied with their wage and their working conditions as a whole. Still, wage-related complaints were the most common (coming from seven employees). Some employees stated the wage was unfairly low and felt they would earn more elsewhere. In evaluating this claim as a reflection of GLB's wage scale it must be noted that all employees interviewed came either from other areas of manufacturing or other industries altogether as opposed to the corrugated box industry. Therefore, their points of comparison were a diverse range of industries

including construction and service, two industries where a labor shortage has increased wages substantially in the past few years. In sum, although the employees' perceptions of their wages is an important factor in assessing GLB's wages, it must also be remembered that their points of comparison are probably not within GLB's own industry.

The second type of wage complaint related to scale. A few employees mentioned they felt the wage rates were unfair within the company, especially since the entrance salary had recently increased. This brought new workers closer in wages to those who had been working at GLB for several years. GLB employs a wage-for-work relationship in which the more machines you are able to work the greater your salary. The majority of employees found this to be a fair practice.

4.3 Traditional Benefits²⁸

GLB offers a comprehensive benefits package that is competitive within the industry.²⁹ The employees interviewed all commented positively on the benefits package and several said they found it generous. In terms of health coverage, GLB pays 75% of the medical plan and the employee covers 25%. It includes BC's medical services plan, extended health (a drug plan that covers 100% of prescribed medicine), death and dismemberment, life insurance, short-term disability, chiropractor and massage services up to \$500 per year, naturopath services up to \$400 per year, and up to \$200 a year for acupuncture, podiatrist, and speech therapist visits. Vision is covered up to \$150 per year. Dental coverage includes 90% of basic work and 50% of major work up to \$2,000 per year. The HR representative stated that 95% of all employees use the health coverage. The other 5% use their spouse's coverage instead.

Vacation pay ranges from two weeks (for 1500 hours of work or less) to four weeks (for over 10 years of employment). GLB tops up EI maternity benefits to ensure employees receive 75% of their pre-leave salary. The father is also given a day off work when the child is born. Through the RRSP plan, available after two years of employment, the employee can contribute any percentage (over 1%) of his salary and the company will match the contribution to a maximum of 3%. The company does reserve the right to suspend contributions where it is economically necessary. Other benefits include a bursary of \$250 per year to a maximum of \$1,000 for regular employees whose children

are enrolled in full-time, post-secondary education. Employees are entitled to three days of sick leave per year. Bereavement leave of up to seven paid days is also available. For a detailed list of the benefits and incentives available, see Appendix 1.

4.4 Motivation For and Effects of Initiatives

Robert Meggy is GLB's founder and owner and also the driving force behind its innovative personnel policies. The initiatives are born of Meggy's personal philosophy of generosity and treating employees well but he firmly believes the policies have important positive effects on productivity as well.

Meggy says that he could be making more money himself but would rather share profits with staff. He believes it is more important to treat people well because the resulting positive work environment benefits everyone, himself included.

It's really important that people enjoy going to work. You spend most of your waking hours at the office. Even I got to enjoy going to work. It's a lot nicer when you've got a good group of people that you work well with, instead of having a President so greedy not giving anybody anything and fighting all the time with people. I just don't know why people would do that cause you just don't enjoy your life.³⁰

For Meggy, private ownership and direct relations with the staff are integral to his policies. He believes that a union or shareholders would make it impossible to run his company the way he does, particularly with initiatives like his profit-sharing schemes. Shareholders are only concerned with short-term profits, he believes, and unions want to promote bad relations between staff and management to ensure the union's continued presence.³¹

4.4.1 Productivity

Meggy stated his employee-friendly policies "definitely" improve productivity, although it's hard to prove such a correlation numerically. The company distinguishes itself from its competitors in a tough industry through its on-time delivery and excellent service, and these require dedicated employees.

Policies such as Idea Recognition improve productivity by encouraging new ideas to make the work more efficient and making employees feel valued and respected. One

employee determined a way to reduce waste on certain orders. This idea saved thousands of dollars per month in raw material and he was rewarded with \$5,000. The Health and Safety Program, whereby production employees receive cash and other incentives for working accident-free, also increased productivity: shortly after its introduction the company went an unprecedented 350 days without an on-site injury resulting in time off work, an accident-rate reduction of 90%. Similarly, when GLB introduced the system of points for employees who find errors, plant errors shrank by 60% as employees responded with the idea of double-checking one another's work.

The employees explained that their participation in the company's profit, through initiatives such as the profit-sharing and the annual trip, definitely motivate them to be more productive:

When the customer is dissatisfied he sends it back, the company loses money, and employees lose their profit share. If I don't try to do good for the company it comes back on me. (Employee Interview #21)

Some [employees] don't care, some just do their job and they're good at that. But most seem to have an idea of the overall scope of what they're doing and how that plays out ... I've even heard guys say, oh man that skid's not wrapped properly and it fell over and now it's going to cost the company money, we're not going to Mexico! It gives you that incentive. Even though it may cost the company quite a bit of money, when you have everybody focused on the goal it allows that person that's just doing that small bit in the overall scheme of things to understand that my bit could contribute to us going to Mexico. (Employee Interview #22)

My personal philosophy is what's good for the company is also good for me because I know that the prosperity of the company also means that's going to keep the money coming into my wallet. There's not much point in having an attitude of all I care about is myself. That's counter-productive in the end. (Employee Interview #28)

Less tangible elements such as the supportive work atmosphere also motivate employees:

Every time we make a good productivity the owner of the company will go to us just to congratulate us for having a good productivity for that day or week. It's very nice. It can motivate my work. (Employee Interview #16)

Boss always has open mind. He listens, he wants the people to be happy, working. He's totally right. When you're happy, you produce more orders. When you're not happy, you tell the boss I go home, I feel sick. When you're happy, you work. (Employee Interview #19)

Similarly, almost all employees commented positively on the company's health and safety initiatives, noting they inspire production employees to work safely.

4.4.2 Recruitment and Retention

GLB has been implementing employee-friendly policies since the company's inception. Management and Meggy say the company's reputation as a good employer has been key to good recruitments and high retention which, in turn, saves GLB a considerable amount of money. According to Meggy, losing an employee costs tens of thousands of dollars; good employees bring in three times their salary. Furthermore, in recent years GLB's reputation has been a boon as the number of jobs in BC exploded, including low-skilled jobs in areas like construction and the service industry. The VP of Production stated that finding production staff will be one of the main challenges in coming years, but GLB's awards have always made it much easier to hire and keep good staff. Employees echoed the sentiment:

I heard this was one of the top 30 companies in BC so I tried to apply here.
(Employee Interview #4)

Other companies that I know of, they are paying more. And I did try to go somewhere else one time, and I asked for a raise so they gave me what I wanted to I kind of stayed. Cause I already know the building more and the people.
(Employee Interview #9)

I have turned down twice the money to stay here [because of] the work environment. (Employee Interview #8)

You happy, and say they give you \$15 and other company give you \$16-17, just for a couple dollars you go there? You don't know if it's happy or not. But here you feel happy. Money is not everything. (Employee Interview #19)

5. Conclusion

GLB is a notable employer not so much for its wages and benefits package but for its open, flexible, participatory, and supportive work environment in which the employer is responsive to employees' suggestions and needs and encourages and rewards employees for productivity gains. Although GLB still faces employee criticisms (the

perceived lack of proper training among some employees is a case in point) both management and employees found the aspects identified in this paper created a positive, respectful work environment. Furthermore, these same elements promoted high retention rates and facilitated recruitment. They also ensured the company's success by motivating the productivity required for the fast production and delivery that distinguishes GLB from its competitors.

The study raises two sets of questions that merit further research. The first set concern the replicability of GLB's human resources approach. How important is it to have a private company? Would the same atmosphere of competitiveness tempered with respect and benefits be possible if a union or shareholders entered the equation?

The second set of questions focuses on GLB's wages and incentives. As noted, the average wage among employees interviewed was \$16 per hour (not including bonuses and profit-sharing). It would be interesting to determine whether GLB could maintain its policies while paying a minimum "living wage."³² It would also be interesting to examine to what extent personality and or cultural background limit staff from making complaints.

Finally, to tie the two previous points together, further research could attempt to situate these workers in terms of the BC immigrant experience—particularly on employment integration. As noted, 90% of GLB's production employees were born outside of Canada (most in Asia). Four of the employees interviewed stated this was their first job in Canada. Given the positive work environment, good benefits and standard wages, why are there are so few Canadian-born entry-level workers at GLB? One interviewee suggested that it was because Canadian-born workers are more willing to ask, or demand, a better salary. The answer may, at least partially, lie in foreign credential recognition and language ability. Many employees interviewed had only mediocre English, and four mentioned that for this reason, they did not expect to move on to better-paying jobs within the company or elsewhere. Others explained they could not work in the field in which they were trained without going back to school: an expensive and time-consuming process. To better determine the effects of being an immigrant—and associated factors such as language ability, cultural workplace behavioral norms and foreign credential recognition—would require an examination of statistics and studies on immigrants in the BC Lower Mainland, particularly in terms of employment integration.

In conclusion, it is rare to find a company that offers good working conditions to its low-skilled employees. The purpose of the study was to find a such a company. The GLB model goes even further, showing that good working conditions for all staff significantly increase a company's competitiveness.

6. References

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24. Note that all of the employees interviewed stated they were free to turn down overtime requests, although many did take overtime regularly in order to benefit from the extra salary.
25. Based on comparisons with four corrugated box manufacturing companies in BC.
26. Based on two parents working 35 hours per week with two young children (age four and seven), the living wage is approximately \$17/hr. The amount is based on accommodation, transportation, child care living expenses, tax credits, and a small contingency fund, etc. The full

research report is slated for publication in June, 2008 by the Canadian Centre for Policy Alternatives - BC Office on a Living Wage.

27. Average weekly earnings, unadjusted for seasonal variation, by type of employee for selected industries classified using the North American Industry Classification System (NAICS). Statistics Canada, Table 281-0026.

28. All the information pertaining to benefits that appears in this section comes from the *GLB Employee Handbook*.

29. Based on comparisons with three other corrugated manufacturing companies in Lower Mainland B.C.

30. Meggy, Robert, CEO, Great Little Box Company. 2007. Interview by author. Richmond, BC.

31. Meggy, Robert, CEO, Great Little Box Company. 2007. Interview by author. Richmond, BC.

32. The Marketing VP explained that GLB prefers to supplement or increase incomes based on performances measures and profits, and noted that in the current tight labour market in BC paying insufficient wages would result in a high employee attrition rate.

7. Appendix

7.1 Appendix I: GLB Benefits

Medical: GLB pays 75%. It includes:

- MSP (BC health coverage plan)
- Extended health (drug plan: 100% of prescribed medicine covered)
- Death and dismemberment
- Life insurance
- Short-term disability
- Chiropractor, massage up to \$500/year
- Naturopath up to \$400/year
- Acupuncture, podiatrist, speech therapist up to \$200/year
- Vision: \$150/year
- Dental: basic work is 90% covered, major is 50% covered up to \$2,000

95% of employees use health coverage; the other 5% use their spouse's coverage instead.

Sick leave: 3 days per year

Maternity Leave: Top-up EI maternity benefits to 75% of pre-leave salary for the sixweek period immediately following the birth

Paternity Leave: Paid leave on the day of child's birth

Leave of Absence: Average length is roughly one month

Bereavement Leave: 1-7 paid days for death of family member

Vacation Pay: 2 weeks (0-1500 hours), 3 weeks (1500hours-9years), 4 weeks (10+ years)

Profit-Sharing: 30% of company's entire monthly profit is split at the end of the month equally among all employees. Added bonuses (for departments that have met or exceeded their goals) are deducted afterwards.

RRSP: The company matches employee contribution, up to 3% (minimum 1%). This is applicable only to employees with 2 years of seniority.

Idea Recognition Program: \$10 for an idea that improves the company. If it is a major cost-saving idea, employee gets a percentage of the cost-savings to the company.

"Points System" Bonuses: Production employees only. Any employee who finds a mistake or quality issue gets a point (value \$1). Points can be accumulated over time. They are paid out in gift certificates, purchased at the employee's place of choice (i.e. Superstore).

Award of Excellence: A peer-nominated award that recognizes one employee every month for their extraordinary contribution to the company. The employee winner receives a gift and a reserved parking space.

Cold Turkey Program: Cash and recognition ceremony for employees who quit smoking for one year.

Recognition of Service: Awards to employees after 5, 10, 15, 20 and 25 years of service.

Hiring Incentive: \$300 to \$1,500 for referring someone who is hired. The amount depends on the post to which the person is hired.

Bursary Program: \$250 for employees who have a dependent under 25 enrolled in full time post-secondary studies of over one yr.

"Box Goal": Free all-inclusive weekend trip to a resort for the entire company when the annual profit target is met. Employees must have six months of seniority to be included.

Safety Incentives Program: A bonus (\$10) for anyone who reports a safety hazard or suggests a way to improve safety.

Training & Development Fund: Reimbursement for course and textbook costs for employees taking a course that enhances the goals of the individual and company. Note that, according to interviews, production employees rarely use this benefit.

Computer Assist Program: Loan of up to \$2,000 upfront for purchasing a home computer. The sum is deducted from the employee's monthly paycheque over 12 installments.

Health & Fitness Incentives: Richmond employees have access to an onsite gym 24/7. Employees at other branches get up to \$15/yr reimbursement towards a fitness facility

membership. Note that, according to interviews, production employees rarely use this benefit.

7.2 Appendix II: GLB Interview Schedules

Interview No.	Country of Origin	Age range	English language ability (excellent, good, mediocre, bad)	Seniority (years)	Previous job	Current job	Education
1	South-East Asia/Indonesia	30-50	Good	5	Electronics manufacturing	Lead hand	
2	Canada (Caucasian)	50-60	Excellent	20	Courier delivery	Machine operator	
3	Canada (Caucasian)	20-30	Excellent	2	Forklift operator at liquor distribution warehouse	Forklift operator	Gr.12
4	Philippines	30-50	Good	1	Laundry machine operator	Machine operator & helper	Bachelor's degree in Engineering (Philippines)
5	Cambodia	30-50	Mediocre	7	Baker	Machine operator, forklift driver, helper	
6	South-East Asia	50-60	Good	15	Electronic technician (self-employed)	Everything (see prev.)	
7	China	30-50	Excellent		Machine manufacturer	Machine operator	Gr.10 (China)
8	Canada (Caucasian)	20-30	Excellent	2	Machine operator (plywood manufacturer)	Feeder man, machine operator	Gr.12, college unfinished
9	Portugal	30-50	Excellent	7	Butcher	Machine operator	Gr.12
10	India	30-50	Mediocre	8	Assembler (furniture manufacturer)	Feeder man	Gr.12 (?)
11	Vietnam	50-60	Mediocre	7	Matte cutter, framer	Production (all areas)	Gr.12 (Vietnam)
12	Brunei	30-50	Excellent	18	Oil rig worker	Shipping	Gr.12

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					(Brunei)	receiver	(Brunei)
13	East Asia	30-50	Mediocre	5	Food deliverer	Feeder man	Gr.12 (Canada)
14	South Asia	30-50	Mediocre	2	Machine operator (socks manufacturer)	Third man (checking skids)	Gr.12, some university
15	Cambodia	30-50	Mediocre	15	Construction	Machine operator	None
16	Philippines	30-50	Good		Production supervisor	Machine operator	Bachelor's degree Engineering (Philippines)
17	South Asia	20-30	Excellent	9 mos.	Restaurant owner	Foam cutter	College diploma (computer science)
18	Mexico	20-30	Excellent	5	Manager, cleaning services	Machine operator	Bachelor's degree (Mexico)
19	Cambodia	50-60	Mediocre	23	Various (window cleaner, dish washer)	Machine operator	Gr.2 (Cambodia)
20	South-East Asia	30-50	Poor	16	Welder	Machine operator	High school
21	South Asia	30-50	Good	3	Construction	Machine operator	2 years' college
22	Canada (Black)	20-30	Excellent	5 mos	Deliveryman (driver)	Shipping-receiving: various	Gr.12
23	Burma	30-50	Mediocre	2	Computer servicing (Burma)	Feeder man	Bachelor's degree engineering
24	Cambodia	30-50	Poor	7 mos	Accountant (Cambodia)	Third hand	Bachelor's degree (Cambodia)
25	Philippines	30-50	Excellent	18 mos	Production manager	Machine operator	Technical certificate: autobody
26	Cambodia	30-50	Mediocre	8	Laundry machine operator	Feeder man	Gr.10 (Cambodia)
27	China (Hong Kong)	50-60	Excellent	4	Camera repair	Cleaner	Gr.12 (China)
28	East Asia	30-50	Excellent	22	Restaurant	Machine	Gr.11

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					busboy	operator	
29	South East Asia	30-50	Mediocre	10	Restaurant worker	Machine operator	Less than gr.12
30	East Asia	30-50	Excellent	15	Food deliveryman	Machine operator	Gr.12
31	South East Asia	30-50	Good	>1	Cleaner on ferries	Helper-operator	Gr.9 (Canada)
32	Vietnam	30-50	Good	3	Restaurant owner	Helper-operator	Teaching degree (Vietnam)
33	Brunei	30-50	Mediocre	3	Machine operator (steel manufacturer)	Feeder & helper	Gr.12 (Brunei)
34	China	30-50	Mediocre	2	Various	Feeder	Gr.8 (China)
35	Brunei	30-50	Good	17	Oil drilling supervisor (Brunei)	Machine operator	College certificate