The American Sustainable Business Council advocates for policy change and informs business owners and the public about the need and opportunities for building a vibrant, sustainable economy. Through its national member network, ASBC represents more than 250,000 business owners, executives and investors in a wide range of industries.

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These days, the easy media narrative is that companies and employees are locked in a pitched battle against one another. According to this narrative, what's good for one side must be bad for the other. The reality around this country is much more complex, dynamic, and positive.

As the Deputy Secretary of Labor during the Obama Administration, I visited many companies working hand-in-hand with their employees to create a shared prosperity that benefits all sectors of society. The executives of these companies understand that their most valuable asset is their workforce, so they’re rejecting the false choice between treating their employees with dignity and improving their company’s bottom line.

This report by the American Sustainable Business Council provides valuable insights into how companies and policymakers can work together to promote the three Ps – people, planet, and profits.

For companies, this report lays out the business case for pursuing an economically and environmentally sustainable operating model. The report identifies best practices for companies that want to take the “high road” and how these practices benefit companies, employees, customers, and ultimately, society.

Successful businesses like South Mountain Company, Eileen Fisher, Honey Butter Fried Chicken, Inflection, and TCG, Inc. are demonstrating how high-road practices can help companies attract and retain employees, and distinguish themselves to customers. Dynamic, forward-thinking business leaders are adopting high-road practices, but government leadership at all levels is necessary to sustain and grow this movement.

For policymakers, this ASBC report explains how high-road practices rejuvenate the U.S. economy by broadening the tax base, reducing dependence on taxpayer-funded safety net programs, and strengthening families and communities. The report lays out a federal policy agenda that can incentivize businesses to adopt more sustainable practices. What is encouraging is that so many of these policies – whether it's a higher minimum wage, paid leave, or benefit corporation laws – are already being adopted at the state and local levels.

In his final State of the Union Address, President Obama highlighted the virtuous cycle that comes when businesses support workers. As President Obama explained, companies around the country understand that “doing right by their workers or their customers or their communities ends up being good for their shareholders.”

That’s why the high road is the smart road.
The way Americans work today would be unrecognizable to their counterparts of 30 or 40 years ago. As globalization, technological advances and the “gig economy” upend traditional employee-employer relations, American businesses can make choices that avoid pitting owners and workers against each other. Many companies are choosing to offer valued benefits like health insurance, paid family leave and sick days, child care assistance, retirement savings or defined-benefit pension plans, and a representative voice and an ownership stake for employees. These high-road practices are a win-win for businesses as well as workers.

When businesses take the high road, workers receive a fair wage, family-friendly benefits and a workplace culture built on mutual respect. In turn, businesses experience increased worker productivity, less waste, lower turnover, and a competitive edge in recruiting top talent – all contributing to higher, more reliable profitability.

The public interest also wins. When companies adopt high-road practices, they put more money into local economies, reduce worker reliance on the taxpayer-funded safety net and improve the wellbeing of families. With high-road workplace practices, everyone wins – and in a deliberate way that makes broad economic success sustainable. But how can society help more companies to choose the high road? Many firms are constrained by outdated business models; others are limited by skepticism about the returns on “going green,” investing in workers and other high-road practices, especially if they face low-road competitors. On its own, the marketplace will likely take decades to spread high-road practices so they are fully mainstream.

Such slow progress means lost opportunities for American businesses, families and the economy. High-road businesses will continue to play a key role in building a sustainable economy. But new regulations and incentives are needed to encourage more businesses to adopt high-road practices. Only in partnership with policymakers can businesses make responsible workplace practices the norm.

This report is designed to help policymakers as well as business leaders, investors, workers and advocates accelerate the adoption of high-road business practices. It offers a framework for a new minimum standard of acceptable workplace practices. It also offers a set of incentives to encourage new best practices above this minimum standard. Together, these regulatory standards and incentives offer a route to a prosperous, resilient economy that benefits us all.
THE HIGH-ROAD WORKPLACE, DEFINED

What constitutes a good place to work? Widely different companies have found some common practices. Through group and individual interviews with leading business and policy experts as well as extensive other research, the American Sustainable Business Council (ASBC) has identified 10 core principles. A high-road workplace will: provide family-friendly benefits, offer flexibility, pay a livable and fair wage, invest in employee growth and development, cultivate inclusion, govern fairly and transparently, engage with communities, manage the supply chain responsibly, drive environmental best practices, and promote health and safety.

These principles are both practical and aspirational. For the purpose of this report, a “high-road employer” 1) agrees that these principles represent the best practices to create a responsible workplace; 2) is currently practicing several of the principles outlined; and 3) intends to adopt more of these practices in the future as allowed by business model and public policy changes.

THE BUSINESS CASE FOR THE HIGH-ROAD WORKPLACE

ASBC conducted in-person and telephone interviews with high-road business leaders from a range of sectors. Our research found that implementing high-road practices had net-positive effects for all of the business leaders we interviewed. They have learned that high-road practices motivate people to work harder, attract more capable and productive workers, and reduce turnover costs of hiring and training new employees. They have also found that high-road practices lead to higher customer satisfaction and increased brand equity in a hyper-competitive marketplace. It is no coincidence that high-road firms often lead their fields in innovation. Innovation depends on highly motivated employees, contributing fully, as they willingly do in high-road workplaces. Innovative firms expand our economy in unprecedented ways; another reason to encourage high-road practices.

POLICIES TO ACCELERATE HIGH-ROAD PROGRESS

Values-based business leaders say incentives would help them adopt more high-road practices -- and they believe incentives and regulations are needed to motivate other firms in their industries. Through research and interviews, we’ve identified five key policies that would lead more employers to adopt high road practices.

To create an evidence-based new “floor,” policymakers should:
1. Establish a national paid family and medical leave insurance program with standards and funding that build on the Family and Medical Leave Act (FMLA).

To incentivize new best practices, policymakers should:
3. Enact a Small Business Administration (SBA) initiative making grants to state programs to facilitate worker ownership.

4. Update federal, state, and local procurement standards to make high-road practices, including a minimum threshold for government contract eligibility.

5. Expand laws and encourage third-party certifications facilitating responsible corporate business models, including benefit corporations, in all 50 states.

The five policies above would significantly improve outcomes for all parties, but policymakers should expand beyond these basics with robust policies – both regulations and incentives – that encourage more businesses to adopt high-road practices.

THE ROUTE TO A SUSTAINABLE ECONOMY

Despite daunting political polarization, most business leaders and policymakers nationwide share a commitment: to build an American economy that will be prosperous today and sustainable for tomorrow. High-road firms live this commitment by watching the triple bottom line, which factors in people and the planet as well as profits. To scale that approach, we need to develop and implement a high-road policy agenda. With it, policymakers and business executives can motivate more firms to become high-road employers and create a sustainable economy for us all.

To further that process, ASBC offers this report.
The global economy and on-demand marketplace have created exciting new opportunities, but have also disrupted the social contract between employers and employees, leaving many without essential benefits. The high costs of for-profit health care and other economic burdens have also hampered economic growth for most Americans. Advances in technology have made the on-demand approach feasible for most goods and services, but they have also reduced the need for human labor. The global economy has reduced prices on some consumer goods, but combined with eroded union representation, has also depressed wages here at home, putting home ownership, education and other traditional aspirations seemingly beyond reach. American workers have been struggling with these changes for decades, but so have responsible business owners facing race-to-the-bottom competitors.

There is a compelling case for policymakers to step in. High road workplaces – those that offer fair pay, good benefits, safe and healthy workplaces, flexibility, respect and more – don't just improve the lives of employees and their families. They also make companies and communities more economically resilient. Research indicates many high-road businesses suffered less during the Great Recession and recovered faster than their peers.

Ranjay Gulati and other authors’ research into earlier recessions found that “…A focus solely on cost-cutting causes several problems. One, executives and employees start approaching every decision through a loss-minimizing lens. A siege mentality leads the organization to aim low and keep both innovation and cost-cutting incremental. Two, instead of learning to operate more efficiently, the organization tries to do more of the same with less. That often results in lower quality and therefore a drop in customer satisfaction. Three, cost-cutting decisions become centralized: The finance department makes across-the-board cuts, paying little attention to initiatives that may be the nuclei of post-recession growth. Four, pessimism permeates the organization. Centralization, strict controls, and the constant threat of more cuts build a feeling of disempowerment. The focus becomes survival—both personal and organizational.” Post-recession, companies focused on cutting costs averaged growth of 6% in sales and 4% in profits, compared with 13% and 12% growth for progressive companies.

Low-road workplaces also cost companies in needless turnover, shrinkage, reduced customer care and other weaknesses. And they inflict significant cost on the public, including other businesses. A 2015 University of California, Berkeley study found that firms paying low wages cost American taxpayers $152.8 billion per year in public services to help struggling families survive. These services include programs like Medicaid, Supplemental Nutrition Assistance Program (SNAP), and Temporary Aid to Needy Families (TANF). In contrast to popular misconceptions, the UC Berkeley study found that nearly three-fourths (73%) of people enrolled in public assistance programs are members of working families. Increasingly, business leaders as well as consumers are questioning public policy that rewards low-wage employers with taxpayer dollars.

Together, business and policymakers have the power to foster economic and societal improvement, but entrenched assumptions about “what business needs” must be reconsidered. The conventional business priority – short-term profit at any cost – is what policymakers have come to expect. But as costs to our society, environment and economy go up, there is an opening for other priorities and the policies that support them.

Business leaders are already demonstrating new norms of the high-road workplace, and the voting public as well as workers support these improvements. Policymakers must take the next step and create new policies that make the high road the only road. What’s at stake is a renewed American economy that is robust and resilient in the face of change.
South Mountain Company is an employee-owned firm that provides integrated architecture, engineering, and building services on Martha’s Vineyard. The company designs and develops homes, commercial buildings, and small neighborhoods of affordable housing for local residents. It also designs and installs solar energy systems and energy-efficient improvements. Since 1987, South Mountain has been structured as a worker cooperative. After working five years and 7,500 hours, employees are eligible to purchase shares in the company. When they leave, they sell their shares back to the corporation and take with them the equity they earned during their tenure.

The many South Mountain employees who have an ownership stake have full access to important information about company operations and plans. South Mountain’s financials, organizational charts, and wage ranges are shared with all employees, as are minutes of weekly Management Committee meetings and Board of Directors meetings.

As a worker cooperative, South Mountain’s benefits are excellent, but the company has benefitted as much as the employees. South Mountain has 33 employees – 17 of whom are owners – who have been at the company for an average of 13 years. Four people (representing over 100 years of cumulative employment) have retired from South Mountain over the last four years, a sign that employees often stay with the company for most of their careers.

“Anyone who says that providing extensive benefits is bad for business can’t possibly have run a successful business, at least not in the way I define success . . . And it’s our employees’ company, so they need to know what’s up and where we’re going.”

– John Abrams, CEO & Owner, South Mountain Company
High-road businesses see things differently than others. They see their employees, the communities in which they operate, and the products and services they provide as equally vital to their financial success. These companies look beyond next quarter’s report and take a long-term view of their firms as vehicles to create significant, positive business and social impact. They reject low-road business models that exploit employees and damage the environment. High-road employers know they have a better chance to thrive when they operate responsibly, compensate workers fairly, and invest in their communities.

But how does this work in practice? To find out, ASBC convened an advisory committee of self-identified responsible employers and policy and academic experts who work on labor, workforce and economic issues (see Appendix B). These experts developed the Principles of High Road Businesses that, for this report, define what it means to “take the high road.”

The following principles can guide all kinds of companies to become high-road employers. They can also guide a new understanding between employers and all types of workers -- employees, independent contractors, contingent workers and members of the on-demand, “gig” economy.

These principles should also inform the development of new public policies, regulations and incentives to encourage more companies to take the high road and build the sustainable economy we need.
Principle 1: Promote Family Friendly Benefits

High-road companies foster work-life balance for employees and reject the unrealistic view that personal lives have no impact on work performance. Family-friendly benefits include paid family and medical leave, paid sick days, paid personal time, health insurance and help with childcare. High Road employers also seek to provide similar and/or portable benefits to contingent workers as appropriate.

High-road companies provide family-friendly benefits when they:

• Offer high-quality, affordable, comprehensive health insurance to employees and their families, including nontraditional families.

• Provide paid sick days so that workers can attend to medical issues as needed without losing compensation.

• Offer paid leave for employees to care for their own or a family member’s serious illness, or to situate a new child through birth or adoption.

• Help employees obtain quality child care by letting them bring infants to work, providing emergency child-care services when regular arrangements are disrupted, subsidizing enrollment in outside daycare centers or operating a child care facility on site.

Principle 2: Offer Flexibility

Offering flexibility allows employees at all levels to have a reasonable work-life balance, which improves morale and benefits the company through higher productivity and lower turnover. For many of the most valuable and efficient workers, flexible scheduling that lets them meet their other obligations without stress or guile may be the key determinant of job satisfaction and loyalty. Extraordinary efforts will still be needed on occasion, but professional managing for results can keep emergencies from become the default situation. High-road businesses let all managers and supervisors know it matters.

High-road businesses offer flexibility when they:

• Evaluate job descriptions and work assignments to determine if telecommuting is a reasonable option. Telecommuting facilitates work/life balance, reduces employees’ commuting costs (and commuting pollution), and can save the company on office space and equipment.

• Let employees choose from a staggered range of schedules (for example, 7:30 a.m. – 3:30 p.m., 10 a.m. – 6 p.m.) to assure coverage while meeting employees’ predictable outside obligations.

• Encourage teamwork by balancing the schedules of team members with varying work/life obligations.

• Avoid using “flexible” to mean “willing to endure last-minute scheduling.” High-road employers require supervisors to utilize good project and time management, so that employees have predictable work hours they can plan around. Making this the norm encourages better morale in handling genuine, occasional work emergencies.

• Consistent with wage-hour law compliance, permit a reasonable number of late arrivals/early departures to cope with personal emergencies during the year.

All of these flexibility provisions help the company by cost-effectively encouraging the best workers to stay, contribute, and maximize their productivity.
Principle 3: Pay a Livable and Fair Wage

Pay employees a living wage -- not the current legislated minimum -- is a baseline high-road business practice. Firms that attempt to maximize profits by paying unlivable wages weaken workforce retention and productivity; cripple the consumer spending that businesses and the economy depend on; and increase the need for public assistance for their employees, which is funded by all taxpayers, including responsible businesses.

High-road employers pay a livable and fair wage when they:

• Set their firms’ wage or salary thresholds at a living wage level rather than at the lower federal, state or local minimum wage level.

• Correctly classify workers as employees or independent contractors according to legally established criteria, and comply with all legal and benefit-related requirements afforded workers who qualify as employees.

• Correctly classify workers as hourly/non-exempt (from overtime pay laws) or salaried/exempt (from overtime pay laws). Regulations in this area are in flux as the catch-all “administrative” category has long been abused, but high-road employers do not change employees’ titles to avoid paying them overtime.

• Provide equal pay; paying all workers equally for the same work without discrimination. They also strive for pay equity; compensating workers in jobs that are different but that demand equivalent levels of expertise and effort with equivalent pay.

• Establish policies to ensure fair compensation for freelance, contingent, and contracted workers. These policies require clear language for contracts, no unfair or unreasonable requirements, and commitment to on-time payments.

Whatever their compensation plans, high-road companies value their employees, so they don’t wait for government to mandate fair and living wages.

Principle 4: Invest in Employee Growth & Development

High-road companies enhance employees’ value to the firm by investing in widespread personnel education and training at all levels. Increasing workers’ technical skills and leadership abilities gives the firm protective operational redundancy and a lower-risk track to leadership recruitment from within. Even if they eventually move on, training makes workers more useful in their current position, enhances the firm’s reputation and demonstrates to all employees that they have a path to career development. High-road companies also help workers maximize their own lifelong development options by facilitating broad-based employee ownership plans and meaningful savings and retirement plans.

To invest in employees’ growth and development, high-road companies:

• Provide regular performance evaluations to give employees feedback on opportunities for growth and development in their current role.

• Provide women and minority employees with formal and informal coaching and mentorship as is commonly provided to men and non-minorities.

• Provide tuition reimbursements to employees who pursue continuing education.

• Facilitate employees’ retirement savings with plans that let workers save and invest a portion of their pre-tax paycheck and pay tax only when they withdraw the funds at retirement.

• Let employees share more directly in the company’s success by offering ownership plans, profit-sharing and/or bonuses based on corporate performance.
Principle 5: Cultivate Inclusion

High-road companies know that talent and dedication come in all kinds of packages. They cultivate inclusion not only because it’s fair, but because it greatly expands access to top candidates in the labor pool; sends the right message to clients, vendors and investors in a global economy; and is an immersive way to stay abreast of today’s diverse consumer marketplace.

High-road companies expressly offer equal opportunity to candidates regardless of race, gender, age, sexual orientation, gender identity, religion, ethnicity, physical ability and even prior legal problems. They also foster an inclusive working environment where all employees are free of harassment and can contribute on an equitable basis.

High-road companies cultivate inclusion when they:

• Seek out and value diversity of race, gender, age, sexual orientation, gender identity, religion, ethnicity and physical ability in the workplace; and give applicants with a resolved criminal history a chance based on their skills and other qualities.

• Prioritize equity of pay and opportunities.

• Foster a workplace culture that encourages inclusive collaboration and supports respectful, honest interactions.

• Establish rigorous non-discriminatory hiring practices for both employees and contract workers.

• Provide diversity awareness training for employees, especially supervisors. Implicit bias is inherent in almost everyone, and awareness training can improve morale and teamwork as well as minimize the company’s legal exposure.

Principle 6: Govern Fairly and Transparently

Governing fairly and transparently means implementing policies that treat all employees justly, disclose product and practice information important to customers and other stakeholders, and earn the company a legitimate reputation for ethical, trustworthy operation.

High-road companies govern fairly and transparently when they:

• Have clear, written policies articulating ethical operating standards to prevent conflicts of interest.

• Provide opportunities for consensus decision-making and participatory management that consider input from employees at all levels.

• Encourage employee involvement in governance through measures like stock options and company-wide referenda on key decisions.

• Provide anonymous suggestion boxes, facilitate teams’ quality circles and offer other vehicles that encourage employees to trouble-shoot potential problems on the company’s behalf.

• Create legally binding policies and procedures that enhance positive labor-management relations and ensure legal protections for whistleblowers.

• Disclose employee compensation packages in line with SEC standards, when appropriate.

• Utilize open-book management, which, with appropriate confidentiality requirements, shares company information on plans, strategies, finances and key performance metrics with employees.
Principle 7: Engage with Communities

High-road companies engage with communities, especially those where they have facilities. In marked contrast to firms that make the news for despoiling their locales, high-road companies position themselves, not only as vital local employers but as valued community pillars. They also engage with the greater community – regional, national or global – through action and by visibly supporting causes and charities that matter to their employees and customers.

High-road company owners and board members engage with communities when they:

• Speak out for and support economic, environmental and social policies that help advance a more sustainable economy.

• Take a lead role in community projects and programs that benefit diverse stakeholders.

• Contribute direct financial support to charities, projects and programs.

• Give employees paid time off to volunteer.

• Make charitable contributions to support employees’ causes.

• Work to hire and procure/purchase locally.

• Develop relationships with local business organizations and civic groups to share information about needs and capabilities.

Principle 8: Manage the Supply Chain Responsibly

For high-road businesses, managing the supply chain responsibly goes beyond making sure product orders arrive on time, in full, and to customer expectations. It also includes leveraging the company’s position to drive sustainable, socially responsible practices throughout the supply chain. Companies manage their supply chains responsibly to ensure the firm’s values are upheld and reputation is not compromised by the actions of vendors, clients and others.

High-road companies manage the supply chain responsibly when they:

• Require vendor openness about demonstrable employment, procurement and production practices as well as official policies.

• Avoid vendors that use child labor or resources from conflict areas.

• Make all contracts conditional on vendors’ maintaining workplace environments, employment rules and scheduling practices that meet or exceed humane health and safety standards.

• Make contracts for all product components – raw or finished goods – conditional on companies’ implementing sustainable processes that demonstrate environmental good stewardship.

• Encourage labor subcontractors to provide fair pay and family-friendly benefits, including labor in transportation and retail as well as in production.

• Use procurement to foster economic development, support small businesses and/or benefit historically disadvantaged population segments and communities.
**Principle 9: Drive Environmental Best Practices**

High-road companies make sure their own operations are environmentally responsible. They also use their influence to improve their vendors’ environmental practices.

High-road companies drive environmental best practices when they:

- Implement a system to regularly and comprehensively assess the environmental impact of company operations and practices.
- Establish a program to regularly measure and implement continuous, systems-wide improvement.
- Establish company-wide, routine procedures to minimize or eliminate toxic chemicals; minimize waste; reduce use of energy, water and other resources; and increase use of renewable and clean energy.
- Choose vendors and contractors for raw goods, finished goods, transportation and construction services that exhibit good stewardship with environmentally sound processes.
- Encourage all vendors and suppliers to adopt environmentally sound concepts and adapt them for their own company circumstances.
- Encourage practices that go beyond minimizing damage to fostering regenerative improvements.

**Principle 10: Promote Health and Safety**

High-road companies promote health and safety in their workplaces as an ethical obligation that can also maximize employee productivity, help manage health insurance and worker compensation costs, and serve as a practical model for their supply chain, other companies and institutions in their communities. An affirmative track record of promoting health and safety can be important to a company’s liability exposure, and is certainly of great value to employees, their families and the public.

High-road companies promote health and safety when they:

- Comply with federal, state, and local health and safety standards conducive to employee well-being and strongly encourage personnel at all levels to do likewise. This includes taking care never to convey that shortcuts are acceptable to save time or money.
- Set higher company standards for conditions and practices where laws and regulations provide inadequate safeguards, and visibly promote these higher standards.
- Provide and maintain clean air and water, adequate ventilation and temperature control, sufficient lighting and sanitary working conditions.
- Specify healthy building design, including installed product and furnishings that are energy-saving, environmentally friendly, ergonomic and non-toxic, such as insulation, paint, anti-stain carpet treatments and furniture glues.
- Wherever possible, use non-toxic products for pest control, cleaning, landscape care and other maintenance work to minimize exposure to toxic chemicals.
Running a business is hard. Global competition, costlier resources, demanding and fickle customers, and employees who want input and work/life balance are just some of the challenges. Pressure to wring top results from each reporting period is intense. Since the 1980s, the dominant management theory has been for companies to focus on their core competencies and outsource as many other functions as possible. This approach has created pressure to take short-cuts that lead to the well-traveled low road. For all these reasons and more, many firms, even the well-intentioned, may need guidance in evolving their operations to reach the high road.

Fortunately, examples of high-road success are becoming better known. More and more business leaders find that high-road practices are the cost-effective way to get the best workers now – and the best results from them over time. In a world of expensive advertising, high-road firms also find these practices attract fast-growing numbers of consumers who want to buy from values-based firms, and helps them stand out from their competitors in a way that is meaningful to customers. Companies that take the high road earn better results from vendors and contractors; more dependable, good-quality output from employees; and ample repeat and referral business from satisfied customers. Low-road businesses take short-term gains over long-term value, but high-road businesses show that a different approach brings more reliable success.

Policymakers are repeatedly told “what business needs” by self-motivated groups whose views often diverge from the country’s best interests. Policymakers are less familiar with the needs of triple-bottom-line businesses that value people and the planet as well as profits, but that is beginning to change.

Policymakers at all levels are starting to see that high-road workplace practices improve quality of life for their constituents – and help control public-sector costs. They see that, beyond boosting companies’ bottom lines, high-road workplace practices buoy our economy as a whole. Policy that supports these economic, societal and environmental benefits will accelerate improvements and help business deliver the vibrant, sustainable, 21st-century economy we deserve.
EILEEN FISHER, manufactures better-quality women’s apparel. Founded in 1984 by Eileen Fisher and based in Irvington, New York, the company had 985 employees as of 2013, revenues of over $300 million in 2015, and exceptional family-friendly benefits. Even newer employees (with the company under 90 days) are eligible for three weeks of paid time off. Employees of three to 12 months can take eight weeks of paid time off; after a year, they can take 12 weeks. If they have at least 30 days of employment, fathers or non-primary caregivers can take three weeks of paid leave following the birth or adoption of a child. Shari Simberkoff, director of human resources, explains that, “This policy gives parents needed time to bond with new children and feel comfortable and supported themselves, so that productivity resumes at a high level when they return.”

The same principle applies to paid sick days. Salaried workers receive six paid days annually and hourly workers also earn six paid days over the year. These days can be used for illness, personal needs or any other reason. In addition, workers receive two personal observance days and vacation time. Other family-friendly benefits include paid time off, medical and dental insurance (extended to domestic partners regardless of sex) and to children of domestic partners, as well as personal days and sick days for personal or family illnesses. To further support employee balance and wellbeing, EILEEN FISHER offers its own classes in yoga, tai chi, and Pilates on site. The firm understands that a less-stressed worker will do better work by day and be a better family member at day’s end.

“If you’re under stress from a family illness or new baby at home but you can’t take the time off you need; you cannot possibly bring your whole self to work. You’ll be continually distracted and morale will be low. When people are given time to handle a life situation, they show their thanks with passionate productivity when they come back. It improves everyone’s morale and loyalty to know they won’t be forced to choose between people they love and work they love. We’ve seen that family-friendly policies don’t just benefit the person, they benefit the company.”

—Amy Hall, Director of Social Consciousness, EILEEN FISHER
The business case for high-road workplace practices is evidenced by companies’ real-world results. According to a 2015 U.S. Department of Commerce brief, high-road practices help company finances by reducing turnover, accidents, absenteeism and shrinkage and by improving quality control, service and customer satisfaction. The brief stated that “firms that pay their employees more are effectively able to ‘buy’ increased morale, lower turnover, and higher productivity from employees who are committed to keeping a good job.”

Corroboration is found in The Good Jobs Strategy by Professor Zeynep Ton of MIT, outlining a “virtuous cycle” (see Fig. 3) where employees at retail firms that invest in good pay, good benefits, training and other growth opportunities are more likely to be productive and to drive profits. According to Ton, “…studying QuikTrip [and] Mercadona...Here were two completely different companies—a Spanish supermarket chain and a convenience store chain with gas stations based in Tulsa, Oklahoma. Yet both were beating out their competitors by offering low prices and great service, and both did it by offering much better jobs than their competitors did.”

Fig. 1
Ton’s Virtuous Cycle

In investing in workers is good for business, for predictable reasons. High-road practices motivate employees to work harder, waste less, look for solutions to company problems and take better care of customers. In contrast to what some conventional groups assert, policies driving high-road practices deliver good returns on investment for business. For example, an analysis of large (mostly Fortune 500) manufacturing companies, found that “high-wage firms can sometimes offset more than half of their higher wage costs through improved productivity and lower hiring and turnover cost.” (This holds true for the public sector, too: New Jersey police officers who were granted a wage increase of 17% were 12% more productive in clearing cases than those who were denied the increase.)

High-road values also make it easier for firms to attract committed, productive workers; particularly those who will be in the workforce the longest. According to a 2016 study by Deloitte, interviews with 7,700 millennials from 29 countries found that 40% are strongly inclined to choose an employer based on the firm’s “strong sense of purpose beyond financial success.” Fifty percent (50%) of Millennials would reject a work assignment that clashed with their ethics.

https://hbr.org/2012/01/why-good-jobs-are-good-for-retailers
Companies with high-road practices see encouraging results. J.M. Family, a national automotive retailer, offers flexible work arrangements based on focus groups with Millennial employees who make up 23% of its workforce. Fortune has named the firm a best place to work for Millennials. EILEEN FISHER, another top-rated employer, enjoys single-digit turnover, in contrast to the average workplace with turnover in the high teens. High-road practices reduce turnover, thereby reducing business costs of hiring and training new workers. Research indicates higher wages are likely to give companies higher value per employee and higher retention rates." Honey Butter Fried Chicken, a high-road restaurant in Chicago, IL that is setting important new restaurant industry standards, finds livable wages deliver excellent ROI.

“Treating people right is conducive to growth and success, as it helps attract and keep talent. The best employees expect these benefits and will take their skills where they’re valued. People who haven’t tried ‘high-road workplace policies’ might dismiss them as inconsequential, but Dansko’s attrition rate is in the single digits and employees give us their best efforts every day. To attract and keep productive, engaged employees, the high road is the right road.”
– Marc Vettori, HR Director, Dansko
High-road companies strengthen the U.S. economy and the public interest as they reduce employee reliance on taxpayer-funded safety nets, increase the tax base, put more money into local marketplaces, stabilize communities, and improve the wellbeing and future prospects of families. A broad base of people with disposable income is essential to a brisk market economy, continuing innovation and the social stability that protects democratic governance.

Higher wages, along with meaningful benefits, reduce personal bankruptcies, facilitate education, increase home ownership and improve Americans’ ability to engage and produce. They set off a cascade of economy-reviving consumer purchases. They also trigger increased sales and income tax contributions that can facilitate infrastructure and other needed public-sector purchases.

Employee ownership is a proven way firms create broad, stable value for their workers and the economy. Workers with Employee Stock Option Plans (ESOPs) make 5-12% more in wages than those at traditionally owned companies and have retirement accounts 2.5 times larger. They also have more job security, which sustains families and communities. In 2008’s Great Recession, ESOP workers were only one-fourth as likely to be laid off as workers in conventional firms. And while the number of ESOP firms is small, their impact is mighty: In 2012, the 6,908 businesses with employee stock ownership plans had over 10.6 million employee-owners and $1.1 trillion in total assets.xii

While firms lament the lack of worker engagement and customers lament the lack of service quality, companies with ESOPs and other high-road practices naturally earn more genuine, less grudging, engagement from their workers, with transformative results. According to Professor Richard Florida, “More engaged workers would boost company productivity and profits. Millions upon millions of better-paid service workers would add considerably to demand. And improving the performance of the service companies in the aggregate would add to the productivity and efficiency of the economy broadly.”xiii

Starting at the company level and extending out to society, the benefits include reduced turnover, incentivized talent, increased consumer purchasing hours, and enhanced brand equity with customers and investors.xiv

Perhaps most significant, high-road workplaces strengthen the economy in a consistent way, offsetting the boom-and-bust effects of a system focused on next quarter’s profit statement.

Policymakers dedicated to restoring public confidence in government will find support in high-road principles. All American firms profit from our nation’s infrastructure, public safety, tax policies, educational systems, health regulations, research and more. Yet many firms externalize their costs onto the rest of the taxpaying businesses and individuals. These costs range from industrial pollution clean-up to increased public assistance for subsistence-wage employees. When a major, low-road corporation saves costs by sending

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**Fig. 2**

ASBC & BFMW Poll of Small Businesses

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A majority of small business owners believe that raising the minimum wage would help the economy.

"Raising the minimum wage would help the economy."

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
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<tbody>
<tr>
<td>56%</td>
<td>38%</td>
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**HOW THE HIGH ROAD BENEFITS THE ECONOMY & THE PUBLIC INTEREST**
employees to the emergency room instead of providing health insurance, or by monopolizing the services of local police instead of hiring security guards, it forces others to shoulder its costs. At this point, policymakers must intervene on behalf of businesses and other taxpayers who do pay their fair shares. The best counter to the cliché “government doesn’t work” is one that does work – for all. Public policy that requires and rewards the high road is a necessary route to restoring constituents’ trust in government.

Policymakers hear often from conventional trade groups that insist “what business wants” is the status quo. But polls show business leaders as well as consumers support legislation mandating high-road workplace policies. In 2014, a national poll by the American Sustainable Business Council and Business for a Fair Minimum Wage found that 61% of small businesses with employees supported the proposal at that time to increase the $7.25 federal minimum wage to $10.10 by 2016. Numerous polls have found overwhelming small business support for benefits such as paid family and medical leave. (See Fig. 2)

This support is pragmatic: about 80% of businesses have found that paid family and medical leave improves employee morale, engagement and retention; 74% have found that paid family and medical leave improved worker productivity. Responsible businesses welcome public policies to level the playing field between businesses on the high road and others. (See Fig. 3)
Honey Butter Fried Chicken, a Chicago restaurant specializing in its namesake poultry, is distinctive in several ways: Co-founders Christine Cikowski and Josh Kulp use antibiotic-free, cage-free, humanely-raised chickens – and base their robust company culture on a happy workforce.

Another distinction at Honey Butter is its transparency. Employees understand why their output matters because the restaurant practices open-book management, hosting weekly meetings with employees to share financial data. To make sure workers can contribute useful ideas to help run the company, Cikowski and Kulp train their employees in financial literacy. Says Kulp, “Transparent, open-book management has been great for us. When workers are involved in the profits and loses aspects of running the company, they see first-hand how, for example, everyday cost savings make better benefits possible. They’re motivated to be productive and cost-effective because they know our success will be shared with them.”

“We can afford to pay and treat our people decently because we have a great restaurant – and we have a great restaurant because we have happy, dedicated, motivated employees . . . We treat our employees really well, so they’re happy to come to work and they’re motivated to work hard. They do what it takes make sure the food and the service are consistently good, which makes sure customers come back. It’s a virtuous cycle.”

- Christine Cikowski, Co-founder & Executive Chef, Honey Butter Fried Chicken
Consumer demand is helping high-road practices replace ineffective old workplace norms. Key customers want to know if operations are fair and sustainable. Quality employees want work/life balance and a sense of mission. Results-minded managers want a more reliable way than threats and aggressive tactics to maximize ROI in human resources. And company leaders are getting comfortable with the view that business can be part of “saving the planet from poverty, injustice, environmental havoc and insecurity.” They’ve seen the limits of maximizing short-run shareholder profits at all costs and want a bigger, better role.

Talented, dependable staff who give their all on the job respond to high-road workplace values – paid leave or sick days, flexible schedules for work/life balance, fair pay, health insurance, a decision-making role or even an ownership stake. High-road employers know the energizing power of real teamwork, and they know it takes more than lip service to make employees a team. They know that, along with selling quality goods, being a supportive “pillar of the community” has more power in today’s social media marketplace than a typical PR or ad campaign. Doing well by doing good is distinctly possible, and high-road companies prove it.

Still, at a time when ethics are seen as obstacles to success and the federal government and many state governments are rolling back modern standards and regulations, many employers need encouragement to take the high road. Many are constrained by low-road business models; others don’t understand how investing in workers today will pay off tomorrow. Still others have been indoctrinated with an ideology that says public policy should not address societal economic challenges. With such obstacles, regulations and incentives are needed to make the high road the norm.

** Policies & Incentives to Accelerate High-Road Progress **

America has a history of successful public policies that incentivize business to build a more sustainable economy. One of many is 1977’s Community Reinvestment Act (CRA) to help end banks’ discriminatory lending practices that left many Americans unable to access financial services. Over the past 40 years, CRA has improved access to capital and credit for low-income and minority Americans. When qualified people who were previously shut out gain access to loans, they buy homes, start businesses, and improve the stability and growth of their local economies and beyond.

High-road businesses will continue to set encouraging examples, but to build a sustainable economy will require policymakers to flesh out the framework ASBC suggests in this report. For the high road to become the norm, new policies – both regulations setting the “floor” and incentives to spur next-level change – are needed. These policies will help more firms overcome barriers to adopting high-road practices. At the federal, state and local levels, high-road policies have already improved everyday outcomes and long-term prospects, and must be reaffirmed and expanded. This report categorizes and clarifies some of the game-changing options on which America’s global leadership, business potential and broad-based quality of life may very well depend.
Using the 10 high-road business principles and the examples of policies and incentives outlined here, policymakers can specify standards that articulate high-road practices. They then can create incentives for employers to voluntarily adopt these various practices. Concurrently, policymakers will need to develop regulations establishing a minimum threshold for adoption of select high-road practices and detail specific actions for implementation.

*Policies & Incentives to Acceleate High-Road Progress (See Appendix D for more details.)*

<table>
<thead>
<tr>
<th>Categories of Incentives</th>
<th>Description</th>
<th>Examples</th>
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<tbody>
<tr>
<td><strong>Government as Model Employer</strong></td>
<td>Federal, state and local government agencies can act as model employers and laboratories for best-practice innovations by instituting high-road practices.</td>
<td>Establishing Paid Sick Leave for Federal Contractors</td>
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<td></td>
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<td>Grants to Study Paid Sick Leave</td>
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<td>Disability Inclusion</td>
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<td>Diversity and Inclusion in the Military</td>
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<td>Executive Order 13145</td>
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<td><strong>Procurement Practices</strong></td>
<td>The purchasing power of governments and large organizations, like hospitals and universities, is enormous. By modifying contract requirements to give preference to, or create a minimum threshold for, high-road employers, purchasers can use their buying power to incentivize innovation and production to meet their specifications.</td>
<td>Executive Order 13693</td>
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<td>Greenhealth Exchange</td>
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<td>MN Executive Order 11-13</td>
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<td><strong>Education and Advocacy</strong></td>
<td>Educational campaigns from government at all levels and advocacy groups in the private sector can inform businesses of the economic and societal value of high-road practices. These efforts can help companies 1) meet and exceed existing laws, 2) adopt more high-road practices, and 3) support codifying high-road practices into new and improved laws.</td>
<td>Healthcare.gov</td>
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<td>Business for a Fair Minimum Wage</td>
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<td>The Fair Care Pledge</td>
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<tr>
<td><strong>Technical Assistance</strong></td>
<td>Government agencies and private-sector organizations can provide technical assistance and training to help firms successfully implement and refine high-road practices in their own workplaces.</td>
<td>Department of Labor Fair Labor Standards Act</td>
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<td></td>
<td>Overtime Rule</td>
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<td></td>
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<td>Office of Management and Budget’s Uniform Guidance</td>
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<td>Vermont Sustainable Jobs Fund</td>
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<td></td>
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<td>B Labs Certification</td>
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<td></td>
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<td>Green America’s Green Business Certification</td>
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Labor standards should set forth specific employee rights to basic high-road benefits, working conditions, etc. Beyond these, labor standards should establish structures and processes to facilitate the high-road workplace. Useful standards will include both essential regulations (some existing examples need oversight or updates to make them relevant to today’s workplaces) and voluntary obligations a company can adopt in whatever order works best for its operation.

### Policies & Incentives to Accelerate High-Road Progress, continued

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<thead>
<tr>
<th>Categories of Incentives</th>
<th>Description</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grants</strong></td>
<td>Federal, state and local government agencies can encourage new adoption of high-road practices by offering financial awards such as grants to offset initial costs. Government agencies can also incentivize best practices by reserving some grants for employers who already have high-road practices in place.</td>
<td>Environmental Quality Incentive Program&lt;br&gt;DC STEP&lt;br&gt;AK Technology Transfer Assistance Grant Program&lt;br&gt;Illinois Recycling Expansion and Modernization Program</td>
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<tr>
<td><strong>Tax Incentives</strong></td>
<td>Federal, state and local governments can modify their tax codes to encourage high-road business practices.</td>
<td>Tax incentives in Empowerment Zones&lt;br&gt;Business Energy Tax Credit&lt;br&gt;Philadelphia Benefits Corp Tax Break&lt;br&gt;Asheville, NC Relocation Tax Incentives</td>
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<tr>
<td><strong>Loans</strong></td>
<td>Federal, state and local governments can offer easily accessible, low-interest loans as a reward for employers establishing or expanding high-road workplace programs.</td>
<td>Loan Guarantee Program&lt;br&gt;Community Reinvestment Act (CRA)</td>
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<tr>
<td><strong>Awards</strong></td>
<td>Government units, media, industry associations and civic groups can confer awards to recognize employers with exemplary high-road workplace programs and practices.</td>
<td>B Corporation Best for the World Companies&lt;br&gt;Fortune’s 100 Best Companies to Work For&lt;br&gt;Great Place to Work®</td>
</tr>
<tr>
<td><strong>Certification and Criteria</strong></td>
<td>Government- and/or industry-instituted rating systems can provide criteria to establish high-road operations and award reputable, third-party-verified certification to businesses achieving this goal.</td>
<td>Social Accountability International (SAI) SA8000 Guidelines&lt;br&gt;B Corp&lt;br&gt;EITI&lt;br&gt;Green America’s Green Business Certification</td>
</tr>
<tr>
<td><strong>New Labor Standards &amp; Enforcement</strong></td>
<td>Federal, state and local governments can enact new laws and regulations, and update existing ones, to establish workers’ rights and basic benefits in compliance with high-road workplace standards. Governments can also provide adequate fiscal and human resources to notify all parties, assist employers in compliance and enforce high-road workplace laws and regulations, rather than rolling them back to low-road levels.</td>
<td>Earned Sick Time Chicago&lt;br&gt;Paid Family Medical Leave Washington, DC&lt;br&gt;The FAMILY Act&lt;br&gt;OSHA Final Rule Re Improve Tracking of Workplace Injuries and Illnesses CFR 1904.41</td>
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Government is essential to making the high-road workplace the norm. At the federal level, it has historically served as a model employer in diversity, healthcare, retirement plans and other high-road workplace practices. Today, some state, county and local governments are taking the lead in modeling high-road practices, providing incentives to business for adopting them, and enacting regulations requiring them.

Twenty-nine states plus D.C., and about three dozen cities and counties, have set their own minimum wages higher than the Federal minimum of $7.25/hr. In 2017, state minimum wages range from $7.50 in New Mexico to $11 in Massachusetts and Washington State, and $12.50 in D.C.; with California gradually implementing $15 statewide. A number of cities including Seattle, San Francisco and New York City are implementing $15 minimum wages.

Paid leave has been the law since 2002 in California; today, New Jersey, Rhode Island, Washington State, New York State and D.C. are experimenting with paid leave programs. Companies may reflexively anticipate negative impacts from these laws, but in reality the positive effects are transformative. Over the past 15 years, California employers have found paid leave law has helped them increase productivity, performance and/or profitability.

States are also promoting the high-road workplace by enacting laws that establish Benefit Corporations. B Corps. are structured much like conventional companies but consider the value created by social and environmental sustainability as well as profits. Thirty-two states have passed B Corp. laws and six more are in progress. Benefit Corporation legislation has earned a bipartisan approval rate of almost 90% in all votes, as it appeals to company leaders, investors, communities and governing bodies. The legislation eases regulation on companies by letting them define the corporation’s purpose beyond profits, so they can consider stakeholders as well as shareholders while responsibly managing assets. The state incurs no added costs from this legislation but enjoys economic benefits through companies’ conversions to Benefit Corps.

Benefit Corporation legislation helps firms enhance their unique selling propositions and reach today’s consumers and investors who value firms aligned with the high-road workplace mission. Investors appreciate that B Corp. practices tend to increase performance. And management appreciates that B Corp. status lets boards consider the environment and society as well as shareholders.

Policymakers must codify the definitions and baseline requirements to bring the framework suggested here to life – and must ensure businesses receive ample compliance, guidance and oversight. The American Sustainable Business Council stands ready to help ensure that standards are clearly articulated, and high-road initiatives are supported with evidence and innovative solutions.
Founded in 2006 by brothers Brian and Matthew Monahan, Inflection is an employment screening and identity-management company and a certified B Corporation. The firm is based in California’s Silicon Valley and also has facilities in Omaha, Nebraska. Inflection has always been committed to the mission of fair hiring, including gender equity: A third of its executives and 43 percent of its leaders at the level of director and above are women. Management sees diversity as the way to obtain a broader range of viewpoints and a help in recruiting and retaining the most dedicated employees.

Inflection goes beyond the protected classes of employees (women, minorities, etc.) to the frontier of reducing hiring barriers for people with criminal records, who usually face daunting job-hunt challenges. Inflection’s fair hiring process includes its support for “ban the box” – the box on typical job application forms that applicants are to check if they have a conviction on their record. A criminal record is an almost insurmountable barrier for otherwise-qualified applicants being hired anywhere, which increases the chances they will re-offend. Brian Monahan observes that, Inflection began with the goal of putting employers and employees on equal footing when it comes to background checks. The firm’s process lets applicants with criminal backgrounds see what an employer sees, and provides additional context to prospective employers where needed so applicants are not automatically rejected. While not every client appreciates Inflection’s inclusion policies, Marketing VP Michele Don Durbin says that most do. “We find some great candidates by being fair and impartial, and the value to clients is only equaled by the life-changing value of a job to these workers, their families and their communities.”

“We’ve seen first-hand how employment screening perpetuates inequality, and measures like ‘ban the box’ are needed to expand job opportunities for already-disadvantaged Americans.”

—Brian Monahan, Chief Idea Guy & Co-founder, Inflection
Recommendations

Developing a high-road business is more than a process; it’s a mission and a journey — one that policymakers should help guide. In time, the whole continuum of high-road principles should infuse every aspect of a business — and because the high road supports sustainable results, it should get easier to perpetuate. In ASBC’s networking conversations and in more formal interviews, business leaders repeatedly cited a few specific practices that that make the biggest impact the quickest, including offering a living wage, family-friendly benefits and an ownership stake for employees. But for all businesses to get on the high road, policymakers must take the lead, bring the map and set the rules.

A comprehensive package of regulations and incentives will spur many more businesses to adopt high-road workplace practices. While the high road delivers real business benefits, it’s a big job to transition from a short-term profit mindset to the triple-bottom-line approach that considers people and the planet along with profits. Widespread misperceptions also exist about how costly high-road practices will be and how quickly they will improve employee productivity, customer satisfaction and growth. This report provides the evidence for legislators to enact policies that work for all Americans.

Government has a clear interest in assuring that the need for public assistance, public safety, disaster relief and other taxpayer-funded solutions do not increase by corporations’ externalizing their own costs onto others. Given the benefit to the American public and the public-sector budget as well as to businesses, it makes sense for policymakers at the local, state and federal levels to drive high-road adoption with a host of creative strategies. The following five — two for the basics and three for next-level growth — are among those that ASBC business leaders see as policy priorities.

To set an evidence-based new “floor:"

1) Establish a national paid family and medical leave insurance program with standards and funding that builds on the Family and Medical Leave Act (FMLA).

Why: During their working lives, virtually everyone needs time off to cope with a serious personal or family illness or to care for a new child. Paid family and medical leave assures the employee an income during a work absence for one of these reasons. It allows employees to meet their new family needs or take proper care of a seriously ill loved one or themselves without financial penalty. Because these are inherently stressful life situations, practical support such as paid leave makes a profound and lasting difference to employees and others in their sphere of influence. Many of the employers ASBC interviewed provide their own paid family leave programs; they report that the option of taking paid leave made their employees more loyal to the company, more productive, more likely to return to work after an absence and more likely to affirm they feel highly engaged at work when asked on in-house or independent surveys.

These are near-priceless outcomes for a company and society. But when some firms voluntarily offer these benefits and others do not, responsible firms are disadvantaged for being good corporate citizens. To solve this inequity, business leaders are now advocating for laws that ensure all employers assume these costs and provide their workers with essential benefits.

America has a clear interest in taxpayers being able to meet serious family and medical needs without jeopardizing their economic security. As a result, policy proposals are being aired at state and federal levels. Proposals vary in the length of leave, amount of pay and how the program should be funded, but all agree change is long overdue.

ASBC is helping make the case that a publicly-funded, paid family and medical leave program would be a transformative improvement, and that benefits are not theoretical. Multiple polls have found overwhelming small business support for paid family and medical leave. About 80% of businesses have found that paid family and medical leave improves employee morale, engagement and retention; 74% have found that paid family and medical leave improved worker productivity.

How: The FAMILY Act (Family And Medical Insurance Leave Act, S. 337/H.R. 947), sponsored by Rep. Rosa DeLauro (D-CT) and Sen. Kirsten Gillibrand (D-NY), would establish a national program to help new parents and people with serious health issues through a shared fund that makes paid leave affordable for employers of all sizes and for workers and their families. FAMILY Act would provide 12 weeks of partial income to workers with serious health conditions or pregnancy/childbirth recovery; enable workers to earn 66% of monthly wages with a capped amount; cover workers at all companies of varying sizes; be funded through payroll contributions; and be administered through a new Office of Paid and Family Medical Leave.

2) Increase payroll contributions for paid family and medical leave.

Why: The purpose of creating payroll contributions for paid family and medical leave would be to increase funding that builds on the Family and Medical Leave Act (FMLA).

3) Promote paid leave programs.

Why: The purpose of promoting paid leave programs would be to increase funding that builds on the Family and Medical Leave Act (FMLA).

4) Create a public-private partnership.

Why: The purpose of creating a public-private partnership would be to increase funding that builds on the Family and Medical Leave Act (FMLA).

5) Develop an Office of Paid and Family Medical Leave.

Why: The purpose of developing an Office of Paid and Family Medical Leave would be to increase funding that builds on the Family and Medical Leave Act (FMLA).
2) Increase the federal minimum wage to $15 by 2024 and index it to cost of living.

**Why:** The minimum wage has not been a reasonable benchmark for many decades. When the federal minimum wage was enacted in 1938 – during the Great Depression – it was intended to put a modest floor under workers’ living standards and strengthen consumer demand essential to business survival and growth. Small, infrequent increases in recent decades have left minimum wages far behind the costs of essential basics including housing, food and health care. In 1968, the minimum wage’s peak value year, a full-time worker earned about $11.22 in today’s dollars. In 2017, a full-time worker at the minimum wage is paid only $7.25; well below the living wage level for a single adult with no children across the United States.xxix

The National Low Income Housing Coalition measures the Housing Wage as the estimated full-time hourly wage a household must earn to afford rental housing at HUD’s Fair Market Rent while spending no more than 30% of their income on housing costs.xxx The 2017 national Housing Wage is $17.14 for a one-bedroom rental unit; 2.4 times higher than the federal minimum wage. A full-time worker earning the minimum wage would have to work 94.5 hours per week, 52 weeks of the year to afford a one-bedroom rental.xxxi Millions of U.S. working families already spend 50% of their post-tax income on housing.xxxii These clearly unsustainable costs inflict widespread short-term and long-term harm.

There is high public awareness that U.S. minimum wages are inadequate, to the detriment of the economy as a whole. Responsible business leaders know that it is unfair for their competitors to profit by externalizing their labor costs onto taxpayers, which occurs when employees must to turn to public assistance and private charity. The Economist has computed that, given U.S. wealth and patterns among other OECD economies, the U.S. minimum wage should already be at least $12/hour. Numerous states and localities have enacted minimum wage increases of $12 to $15/hour and many more legislative and ballot initiatives for phased-in $15 minimum wages are underway in 2017 and planned for 2018.xxxv Opinion research has found that a majority of Americans now favor increasing the federal minimum wage to $15/hour. The increase to $15 by 2024 recommended by ASBC and Business for a Fair Minimum Wage (BFMW) gives business time to adjust.

Raising the minimum wage has a transformative impact on business as well as on workers. High-road employers know that a fair, living wage is not the only employee motivator, but it is an essential one. Companies whose rank-and-file employees earn a living wage typically experience more reliable attendance, productivity and problem-solving initiative and better customer service; and less shrinkage, waste, accidents and absenteeism. Wharton management professor Adam Cobb observes that, “employers tend to think that if you raise the minimum wage, it will make labor prohibitively costly. But the reality is, if you pay people more, they tend to work harder, whether that means devoting more attention to customers or pointing out ways that business processes can be improved.”xxxv

ASBC and partner Business for a Fair Minimum Wage are making the business and economic case that raising the minimum wage to a living wage will boost consumer demand, strengthen workforce retention and productivity, improve customer satisfaction, encourage longer-term investment and innovation, level the playing field among businesses, and strengthen communities and the economy.

**How:** ASBC and Business for a Fair Minimum Wage are supporting a gradual increase in the federal minimum wage to $15 by 2024, as well as a range of minimum wage proposals at the state and local level. The Raise the Wage Act (HR 15) sponsored by Senators Bernie Sanders and Patty Murray and Representatives Bobby Scott and Keith Ellison, proposes raising the minimum wage to $15/hour by 2024 and indexing it to median wage growth thereafter. Raising the federal minimum wage, including gradually phasing out the sub-minimum tipped wage, would reduce poverty; reinforce fairer wages for women, people of color and disabled individuals who comprise a disproportionate share of the low-wage sector; and enable working families to make ends meet. xxxvi
To incentivize high-road workplace practices:

3) Enact an initiative making SBA grants to state programs to facilitate worker ownership.

**Why:** Employees having direct or indirect ownership of part or all of a U.S. company was rare until the 1970s. Today, tens of millions of Americans are shareholders as well as stakeholders in their companies. Employee ownership aligns the interests of workers, managers and owners, creating unbeatable incentives. An ownership stake can help workers build retirement savings; another reason the wellbeing of the company is their wellbeing, too. Employee Stock Ownership Plans (ESOPs) have been shown to improve a company’s organizational performance, profitability and stock value – and to improve employee wellbeing, satisfaction, trust and wealth while increasing participation in decision-making.\[^{xxxvii}\] The Employee Ownership Foundation’s 21st Annual Economic Survey of ESOP Companies found that an ESOP increased profitability for 70.5% of companies, increased revenues for 76.2% of companies, and increased stock value for 80% of companies.\[^{xxxvi}\] Similarly worker cooperatives can be a boon for businesses. A study by the Québec Ministry of Economic Development, Innovation, and Export found that the survival rate for new cooperatives after five years was 62 percent, as compared with 35 percent for all businesses.\[^{xxxviii}\] In addition to the increased survival rate, worker-cooperatives are more resilient than conventional investor-owned firms particularly during times of economic crisis.\[^{xxxix}\]

Employee ownership is, of course, the easiest way to assure fair and transparent governance. One longstanding example of employee ownership is South Mountain (See Case Study 1). South Mountain has been structured as a worker cooperative since 1987.

**How:** The WORK Act (H.R. 2387/ S.1081), promoting worker ownership through grants to new and existing state programs; and the U.S. Employee Ownership Bank Act (H.R. 2357/ S.1082), creating a new bank to help traditional companies finance their transition to worker ownership; both sponsored by Sen. Bernie Sanders, would be run through the U.S. Dept. of Labor. ASBC is currently drafting a similar proposal with Senator Gillibrand that would run through the Small Business Administration.

4) Update federal, state, and local procurement standards to make high-road practices a minimum threshold for government contract eligibility.

**Why:** Federal, state and local governments spend billions of taxpayer dollars annually; the federal government alone purchases an estimated $400 billion per year in goods and services from the private sector.\[^{xl}\] Contracts paid for with public funds should align with public well-being; these contracts should incorporate high-road workplace standards as they have incorporated other basic health and safety conditions over the years. Harnessing the public’s buying power in this way would quickly institutionalize and reward high-road practices and principles.

Revising procurement policies to encourage or require vendors of all kinds to implement high-road standards would improve workplaces across the country. More than 90,000 private-sector companies won government contracts in 2014; collectively, these companies employ millions of workers.\[^{xli}\] Requiring high-road workplace practices of all federal contractors would foster the greatest improvement, but simply giving priority to companies that met high-road benchmarks would incentivize all potential vendors to improve their practices.

**How:** Establish a procurement set-aside\[^{xlii}\] for companies that adhere to high-road workplace criteria, similar to existing set-asides for companies owned by women, minorities and veterans. This set-aside would allocate a percentage of all government contracts to vendors that achieve specific impact goals. Guidance would be provided by the Office of Federal Procurement to federal government agencies. Federal contractors would be required to adhere to standards of providing additional quality jobs. Additionally, legislative bodies and government agencies can set high-road standards as the minimum threshold for contract eligibility.
5) Expand laws and encourage third-party certifications facilitating responsible corporate business models, including benefit corporations, in all 50 states.

Why: Benefit corporations institutionalize business goals that include benefit to stakeholders as well as to conventional shareholders. Organized under the new legal “benefit corporation” structure, firms explicitly incorporate social aims into their missions and are required to consider the impact of all business decisions on stakeholders — employees, customers, the local community, and the environment — as well as owners/shareholders. Both Republican and Democratic legislators understand the value of benefit corporations in generating new jobs and tax revenues: B Corp legislation has earned a near-90% approval rating in all votes from legislators across party lines.xlv

B Corp, an independent certifier of B Corporations, has estimated the impact of the City of Baltimore’s Benefit Corporation Law in attracting and converting businesses to organize as B Corporations. B Corp predicts that, if 100 companies converted to B Corporations, they would generate $15 million in additional spending over five years. That $15 million would create 120 new jobs and generate about $450,000 of new state and local tax revenue. B Corp further estimates that 1,000 new B Corp firms would generate $152 million. Similar studies predict that every additional $1 million in local spending by a B Corporation generates about eight new jobs and $30,000 of state and local taxes. These increases in jobs and revenues give legislators ample reason to incentivize conversions to B corporations. xlv

How: Benefit corporation laws in all 50 states would clarify legal status and obligations for companies wishing to organize and operate in this manner. Currently, “B Corp” describes any for-profit entity that is certified by the nonprofit B Lab as voluntarily meeting higher standards of transparency, accountability, and performance. It is not a legal designation. A “Benefit Corporation” is a business formally organized on a model legally recognized at the state level. Benefit corporations are legally obligated to meet standards of higher purpose, accountability and transparency than conventional corporations, whose greatest legal duty is to shareholders. Optimally, legislation would make benefit corporations possible in all 50 states, and B Lab would continue to provide guidance and third-party validation nationwide.

Companies started as, or converting to, benefit corporations are those whose owners want to do well by doing good, and can generate millions in additional spending over time. xvi The practical appeal of the benefit corporation business model is demonstrated by its enactment in 32 states plus six more in progress. Benefit corporations inherently contain some of the high-road business principles outlined in this report, and as government bodies incorporate high-road standards into local laws, more companies are considering benefit corporation status as an option.
Case Study 5: TCG, Inc.

TCG, Inc., an IT and management consulting company based in Washington, D.C., counts numerous government agencies and nonprofits among its clients. It’s known for its customized, innovative solutions that help government operate more cost-effectively and efficiently; and for its award-winning approach to human resources.

“TCG helps agencies and organizations working to make the U.S. a better place to live, today and in the future,” says Dan Turner, who founded the company in 1994 to help the National Institute of Health build one of the government’s first web applications. The firm’s IT and consulting focuses on grants management, collaboration platforms, and budget formulation and execution.

TCG embodies Turner’s idea that “government can do extraordinary things when supported by the right knowledge and technologies.” TCG’s own policies reflect the idea that workers can do extraordinary things when supported by the right management practices. Along with competitive wages, the firm offers a health plan that includes dental and vision benefits, support for sick-child daycare, pet health insurance, a 401K plan, and a generous training budget for each employee. The company also pays for social events that employees lead, free theater and sports tickets, and more – even two free pairs of walking shoes per year to employees who walk to work. TCG also supports charity events, implementing community outreach while encouraging employee’s interests in helping causes. For example, if, six TCG employees participate in the Marine Corps marathon or Girls on the Run race, TCG donates $1,000 to that cause. This approach fosters employee team-building as well as volunteerism and community outreach. It’s good for the company, too, which is ranked as a top workplace, year after year.

“We help American government serve citizens better and more cost-effectively through exciting technology, and we believe it can achieve lasting efficiency and extraordinary results that are not only possible, but sustainable and transformational for our country.”

—Dan Turner, President, TCG, Inc.
America’s businesses have great power to enrich and strengthen our country by generating societal as well as economic value. But running a company is hard, short-term thinking is tempting, and many firms are not making their way to the high road as quickly as they could. For the long-term wellbeing of business as well as our nation, policymakers are needed to help to move the process along.

In the free market as in other arenas, public policy sets the rules and determines (actively or passively) what behavior is rewarded. Over the last few decades, many firms have been rewarded by Wall Street for focusing largely on next quarter’s results. This short-term focus has fueled dangerous climate change, shrunk the middle class and led to the worst economic meltdown since the Great Depression. It has become clear that, to achieve healthy, broad-based, resilient prosperity, our economy depends, not on narrow interests but on the triple bottom-line that considers people and the planet as well as profits. Policymakers have an opportunity – and a responsibility – to help more firms transition to the high road by acting on the recommendations in this report. Many Americans, especially ASBC’s many high-road business leaders and advisors, are eager to work with policymakers to refine and expand solutions to our country’s challenges.

Whether it’s a dynamic startup, a third-generation company in transition, or a corporate parent of household-name brands, any business can realize its potential more fully as a high-road business, as ASBC members can attest. Whether owners want to fulfill a mission or just enjoy more success with less stress, the high road has been found to be a useful way. If these responsible companies are doing well despite entrenched views of “what business wants,” it’s exciting to think how transformative it would be for these – and all the other businesses – to have supportive public policy. The result would surely be a more resilient, sustainable future for our communities and our country.

There are challenges: Short-term costs, skeptical colleagues, logistical setbacks. But people who own and run businesses take challenges in stride if the reward is worthwhile. This one is.

Together, businesses and policymakers can change obsolete, myopic narratives about “what business wants” and “what’s good for America.” They can help determine if our world, our economy and our people will be healthy and thriving, next year and in generations to come. It will take visionary leadership and smart public investment to achieve these goals – and a conviction that high-road practices valuing people, the planet and profits are the smart way to achieve sustainable success.

To follow up on this report, more research is needed to quantify the detailed economic benefits of high-road practices to business and the economy. To date, research has focused on specific high-road practices, including paid family and medical leave and paying a livable wage. Studies evaluating the impact of government incentives for the high-road workplace are limited, and so is data on how implementing high-road practices affects companies. Further research is needed to collect data on these topics and carry out more extensive analysis. A survey of companies at different steps in the high-road workplace spectrum would provide needed data. With it, researchers can further analyze why particular companies implement specific workplace practices, what government incentives would be most effective, and what other measures would spur more high-road workplace practices.

One immediate measure to take is to make public policymakers, think-tank leaders and business executives aware of the 10 principles that characterize and guide the successful high-road business. High-road practices are both better and smarter than conventional ones, and with the active support of policymakers, they will set our country on the route to a sustainably successful economy.


16 BCG 2017; EY 2017


19 Shuman 2016, pp. 21-22

ENDNOTES


xx ASBC 2014

xxi BCG 2017; EY 2017


xxvix ESOP Association 2012


xii PCV (2017).


xii PCV (2017).


xvii USDC 2015; EY 2017; BCG 2017
1. **Provide Family-friendly Benefits**
   - Offer paid family and medical leave programs, paid sick days, health insurance, child care, paid time off, and other benefits that contribute to work/life balance.
   - Seek to provide similar and/or portable benefits to contingent workers.

2. **Offer Flexibility**
   - Encourage work/life balance through flexible scheduling, telecommuting, predictable work hours and teamwork.

3. **Pay a Livable and Fair Wage**
   - Pay a living wage that enables employees to meet their basic needs.
   - Ensure that the disparity in total compensation between executives and the median worker is reasonable.
   - Ensure fair compensation for freelance, contingent, and contracted workers by developing policies that utilize clear contractual language and commit to on-time payments.

4. **Invest in Employee Growth and Development**
   - Help employees expand their leadership skills, operational skills and responsibilities through widely accessible education and training opportunities.
   - Provide programs that enable saving and planning for future retirement.
   - Ensure that women and minorities are afforded formal and informal coaching and mentoring as is provided to men and non-minorities.

5. **Cultivate Inclusion**
   - Foster a diverse workforce; acknowledge and embrace differences in race, gender, age, sexual orientation, gender identity, religion, ethnicity and physical ability; and ensure that the work environment encourages equity in opportunities, inclusive collaboration, and honest dialogue.
   - Adopt non-discriminatory hiring practices for employees and contracted workers and seek to achieve pay equity.

6. **Govern Fairly and Transparently**
   - Adopt policies that encourage employee input, prevent conflicts of interest, and institute clear ethical standards.
   - Create legally binding structures and policies that facilitate good labor-management relations.

7. **Engage with Communities**
   - Foster direct involvement in efforts that benefit diverse stakeholders and improve the quality of life in communities where the company operates, through local purchasing, reinvestment and ownership.
   - Invest company resources into programs and practices that encourage volunteerism and empower workers to become civic leaders.
   - Emphasize local hiring wherever appropriate.
   - Use the company’s voice and resources to support public policies that help build a more sustainable economy.

8. **Manage the Supply Chain Responsibly**
   - Drive social responsibility and sustainable values through the entire supply chain by requiring openness about vendors’ employer policies and clarity about how the organization makes decisions.
   - Use procurement practices to foster local economic development; support small businesses and historically disadvantaged communities; and further local, national, and global goals of environmental stewardship.
   - When contracting for labor, seek to ensure that vendors provide their employees with family-friendly benefits.

9. **Drive Environmental Best Practices**
   - Demonstrate a comprehensive commitment to environmental best practices in company operations.
   - Assess the environmental impact of company practices and implement methods for systematic and continuous improvement.
   - Commit to reducing waste of all kinds and use of energy and water to minimize the company’s role in climate change and other damaging effects on the environment.

10. **Promote Health and Safety**
    - Comply with and seek to exceed federal, state, and local health and safety standards conducive to employee wellbeing.
    - Commit to maintaining exemplary air and water quality, lighting, and sanitary working conditions.
    - Ensure fair labor hours for employees at all levels.
## Appendix B: Advisory Committee (alphabetical by organization name) (*Honorary Member)

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andy Shallal</td>
<td>Owner</td>
<td>Busboys and Poets</td>
</tr>
<tr>
<td>Alissa Barron-Menza</td>
<td>Vice President</td>
<td>Business for a Fair Minimum Wage</td>
</tr>
<tr>
<td>Holly Sklar</td>
<td>CEO</td>
<td>Business for a Fair Minimum Wage</td>
</tr>
<tr>
<td>Avra Siegel</td>
<td>Former Director of Public Policy</td>
<td>Care.com</td>
</tr>
<tr>
<td>Susan Helper</td>
<td>Professor of Economics</td>
<td>Case Western Reserve University</td>
</tr>
<tr>
<td>Greg Nelson</td>
<td>Former White House Staff</td>
<td>Consultant</td>
</tr>
<tr>
<td>Mandy Cabot</td>
<td>CEO &amp; Co-founder</td>
<td>Dansko</td>
</tr>
<tr>
<td>Palak Shah</td>
<td>Social Innovations Director</td>
<td>Domestic Workers Alliance</td>
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<tr>
<td>Amy Hall</td>
<td>Director of Social Consciousness</td>
<td>Eileen Fisher</td>
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<tr>
<td>Althea Erickson</td>
<td>Policy Director</td>
<td>Etsy</td>
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<tr>
<td>Caitlin Pearce</td>
<td>Member Engagement Director</td>
<td>Freelancers Union</td>
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<tr>
<td>Amy Smoucha</td>
<td>Managing Director</td>
<td>Jobs with Justice</td>
</tr>
<tr>
<td>Sarita Gupta</td>
<td>Executive Director</td>
<td>Jobs with Justice</td>
</tr>
<tr>
<td>Dean Carter</td>
<td>Vice President, Human Resources and Shared Services</td>
<td>Patagonia</td>
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<tr>
<td>Joanne Irby</td>
<td>Chief Operating Officer</td>
<td>Raben Group</td>
</tr>
<tr>
<td>Steve Sleigh</td>
<td>Principal</td>
<td>Sleigh Strategy, LLC</td>
</tr>
<tr>
<td>Shawn Escoffey*</td>
<td>Program Officer for Strong Local Economies</td>
<td>Surdna Foundation</td>
</tr>
<tr>
<td>Adam Finkel</td>
<td>Executive Director of the Penn Program on Regulation</td>
<td>University of Pennsylvania</td>
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</table>
Appendix C: Research Methods and Approaches

Literature Review: To develop this report, ASBC consulted a broad array of business and policy resources relating to workplace culture, job creation, demographic trends, company financial performance, and talent recruitment and retention. We reviewed academic literature, economic impact reports, policy briefs, interviews and case studies to form an understanding of the policies and practices discussed in this paper, and used this information to develop our recommendations.

Advisory Committee: To inform our work on this report, we utilized the expertise of business leaders to identify problems and develop solutions. We created an advisory committee of high-road employers and policy and academic experts who work on labor, workforce and economic issues. This advisory group was utilized to develop our working definition of a high-road employer/workplace (see Appendix B) and to weigh which practices, corresponding with each high-road principle, mattered most to high-road employers. (See Below)

In-Depth Interviews: To ground our work at a granular level, we conducted in-person and telephone interviews with more than a dozen business leaders. We selected interviewees who had been recognized by a third party as practicing one or more of our high-road principles and who then self-identified as a high-road employer, meaning that they: 1) agreed that our principles represent the best practices to create a responsible workplace; 2) are currently practicing one or more of the principles outlined; and, 3) intend to adopt more of these practices in the future as their business model and public policy changes allow.

Each interview was designed to assess:

• Why companies decided to implement high-road practices, and what benefits and challenges resulted.
• What role, if any, public policies played in a company’s adoption of high-road practices.
• What role policies and market-based incentives should play in the future adoption of high-road practices.
• What existing public programs and regulations already facilitate the adoption of high-road practices, and how new policies might most effectively encourage more businesses to adopt more high-road practices.

In addition to the in-depth interviews above, we hosted policy roundtables in Ventura, CA; San Francisco, CA; Chicago, IL; Washington, D.C.; Ann Arbor, MI; and Keene, NH; during which we solicited informal feedback from panelists and audience members on the questions above. Roundtable events included 20 to 100 attendees and were comprised of business, policy, and nonprofit leaders.

Each of these interviewees provided individual input. This is not a consensus report.

Amy Hall, Director of Social Consciousness, EILEEN FISHER
Lauren Rasnake, Head of People Operations, UncommonGoods
Michele Don Durbin, Vice President of Marketing, Inflection
John Abrams, CEO & Owner, South Mountain Company
Marc Vettori, Director of Human Resources, Dansko
Josh Kulp & Christine Cikowski, Managing Partners, Honey Butter Fried Chicken
Daniel Turner, President, TCG, Inc.
Juliet Gorman, Senior Director - Culture & Engagement, Etsy
Atlanta McIlwraith, Senior Manager of Community Engagement, Timberland
Anna Binder, Head of People Operations, Asana
Jen Fisher, U.S. Well-being Leader, Deloitte LLP
Dean Carter, Vice President of Human Resources and Shared Services, Patagonia
Deirdre Fitzgerald, Brand Manager, W.S. Badger Company
Appendix D: Incentives

Categories of Incentives

**Government as a Model Employer**
Federal, state and local government agencies can act as model employers and laboratory for experimentation by instituting high-road practices.

**Examples**
- **EO 13706 Establishing Paid Sick Leave for Federal Contractors:** In 2016, Executive Order 13706 requires parties entering into covered contracts with the Federal Government to provide covered employees with up to seven (7) days of paid sick leave annually, including paid leave allowing for family care.
- **Grants to Study Paid Sick Leave:** In 2015, the Department of Labor award $1.55M in grants to eight states to study paid family and medical leave implementation. These grants build on a 2014 Women’s Bureau grant program that awarded $500,000 to support paid leave feasibility studies in three states and the District of Columbia.
- **Disability Inclusion:** “Add Us In” (AUI) is a demonstration project to identify and develop strategies to connect the underutilized labor supply of youth and adults with disabilities with demand from small business entrepreneurs, especially businesses in underrepresented and historically excluded communities. To build on its success, a new resource was created with small businesses to demonstrate how all communities can benefit from the lessons learned. Small Business & Disability Employment: Steps to Success is a Web-based tool that uses real-life examples to illustrate a range of exemplary disability-inclusion practices in action.
- **Diversity and Inclusion in the Military:** Since 2009, DOD policy changes and congressional actions have allowed individuals who are gay to serve openly, recognized their same-sex spouses as dependents for the purpose of military benefits, and opened all combat assignments to women. On June 30, 2016, DOD announced the end of restrictions on service for transgender troops.
- **Executive Order 13145:** In the year 2000, this EO provided equal employment opportunity in Federal employment for all qualified persons and prohibited discrimination against employees based on protected genetic information, or information about a request for or the receipt of genetic services. Congress eventually codified many of the provisions for all Americans in the 2008 Genetic Information Nondiscrimination Act.

**Procurement Practices**
Government can modify contract requirements and qualification standards to encourage high-road practices, and institutionalize these practices throughout its procurement selection. Requiring high-road practices to be considered as a “responsible bidder” on governments’ lucrative contracts would be transformational.

**Examples**
- **Executive Order 13693:** The goal of EO 13693 is to maintain Federal leadership in sustainability and greenhouse gas emission reductions. Federal Agencies shall, where life-cycle cost-effective, beginning in fiscal year 2016, unless otherwise specified, promote building energy conservation, efficiency, and management by reducing agency building energy intensity measured in British thermal units per gross square foot by 2.5% annually through the end of fiscal year 2025, relative to the baseline of the agency’s building energy use in fiscal year 2015 and taking into account agency progress to date. Also aims to improve data on energy efficiency at agency facilities as well as ensure a percentage of total building electric energy and thermal energy is clean, with targets for each year 2016-2025.
- **Greenhealth Exchange:** Greenhealth Exchange is a B-Corp Public Benefits Corporation purchasing cooperative created by Practice Greenhealth, Health Care Without Harm, and leading health systems committed to sustainability. Goal of the Exchange is to make it easier to buy products and services that are good for people, the planet and the bottom line. Greenhealth Exchange specifies, screens and sources high-quality green products and services for members, and supports their purchasing through the GX catalog. Greenhealth helps members track their spending; report the environmental, health and community benefits associated with their purchases; and spark innovation in the supply chain to deliver next-generation products, smarter and faster.
- **MN Executive Order 11-13:** Minnesota state executive order modifying procurement standards to “green” the state’s supply chain.
**Appendix D: Incentives, continued**

**Education and Advocacy**
Government can produce public service announcements, brochures, etc. to educate all sectors on how high-road practices help the economy and explain high-road practice laws to foster compliance. Private agencies can develop public information and advocacy campaigns to encourage enacting high-road policies into law.

**Examples**
- **Healthcare.gov:** The website provides a wide range of resources for households and small businesses. The Small Business Health Options Program (SHOP) is a marketplace offering small employers affordable, flexible, convenient options for employee health and dental insurance. SHOP is available to businesses and nonprofits with 50 or fewer full-time-equivalent employees and must enroll at least 70% of employees.

- **Business for a Fair Minimum Wage:** Business for a Fair Minimum Wage (BFMW) is a national network of owners, executives and business organizations that believe a fair minimum wage makes good business sense. Organizational members include the American Sustainable Business Council, Green America’s Green Business Council, the Greater New York Chamber of Commerce, and others. BFMW educates, organizes and publicizes business support for raising the minimum wage at the federal, state and local levels.

- **Fair Care Pledge:** Care.com, the National Domestic Workers Alliance and Hand in Hand partnered to create the Fair Care Pledge, a commitment to providing household employees with fair pay, clear expectations and paid time off.

**Technical Assistance**
Business and government could provide technical assistance and training to help employers access and implement high-road programs and practices.

**Examples**
- **Department of Labor Fair Labor Standards Act Overtime Rule:** The Final Rule focuses primarily on updating the compensation levels at which employees classed as executive, administrative and professional workers would be exempt from receiving overtime pay. Specifically, the Final Rule:
  - Sets the standard salary level at the 40th percentile of earnings of full-time salaried workers in the lowest-wage Census Region, currently the South ($913 per week; $47,476 annually for a full-year worker);
  - Establishes a mechanism for automatically updating the salary and compensation levels every three years to maintain the levels at the above percentiles and to ensure that they continue to provide useful and effective tests for exemption.
  - Additionally, the Final Rule amends the salary basis test to allow employers to use nondiscretionary bonuses and incentive payments (including commissions) to satisfy up to 10 percent of the new standard salary level.

- **Office of Management and Budget’s Uniform Guidance:** Officially implemented in December 2014 by the Council on Financial Assistance Reform (COFAR), the Uniform Guidance is a “government-wide framework for grants management” that synthesizes and supersedes guidance from earlier OMB circulars. The reforms that comprise the Uniform Guidance aim to reduce the administrative burden on award recipients and, at the same time, guard against waste and misuse of Federal funds.

- **Vermont Sustainable Jobs Fund:** VSJF uses early-stage grant funding, technical assistance, and loans to catalyze and accelerate the development of markets for sustainably produced goods and services. VSJF meets critical market-development needs for these goods and services by deploying grants, technical assistance, and loans. This support is used for research, technology and infrastructure development; technical assistance; financing; network development; sales and distribution; and regulatory and public policy. Current focus is on the intersection between renewable energy (in the form of biofuels), sustainable agriculture, and sustainable forest products.

- **B Lab Certification:** B Lab is a nonprofit organization that certifies businesses around the world that want to do well and do good. Certified B Corporations must meet the highest standards of verified, overall social and environmental performance, public transparency, and legal accountability. To become a B corporation, companies must meet a performance requirement, meet a legal requirement, and make it official by signing terms and a declaration of independence.

- **Green America’s Green Business Network Certification:** Green America, an ASBC member, is a nonprofit organization whose Green Business Network Certification is awarded to companies meeting rigorous standards of environmental sustainability and related key metrics of responsible business operation.
Grants

Government could target incentives directly to businesses, communities, and educational institutions to enhance the prevalence of high-road workplace practices.

Examples

- **Environmental Quality Incentive Program:** EQIP provides financial and technical assistance to agricultural producers who voluntarily seek to plan and implement conservation practices that improve soil, water, plant, animal, air and related natural resources on agricultural land and non-industrial private forestland. EQIP may also help producers meet federal, state, tribal, and local environmental regulations. Eligible applicants must:
  - Be an agricultural producer (a person, legal entity, or joint operation that has an interest in the agricultural operation or is engaged in agricultural production or forestry management).
  - Control or own eligible land.
  - Comply with adjusted gross income (AGI) of less than $900,000. (Federally recognized Native American tribes or Alaskan Native corporations are exempt from the AGI payment limitations.)
  - Be in compliance with the highly erodible land and wetland conservation requirements.
  - Develop an NRCS EQIP plan of operations that addresses at least one natural resource concern.

- **DC STEP:** The DC STEP Program enables qualified export-ready businesses to receive reimbursements for eligible international marketing costs. The program is funded in partnership with the U.S. Small Business Administration (SBA) State Trade and Export Promotion (STEP) grant, a three-year pilot program launched by the President’s Small Business Jobs Act.

- **AK Technology Transfer Assistance Grant Program:** The Arkansas Economic Development Commission (AEDC) provides limited financial support for the transfer and deployment of innovative technology. AEDC will fund up to $3,750 of costs associated with transferring new or existing technology from a qualified applicant — such as a public or private enterprise, laboratory, college or university — to an enterprise based in Arkansas. Up to $5,000 of total project costs will be considered, with the first $2,500 funded by the Authority; the remaining $2,500 is cost-shared equally (50:50) between the Authority and the enterprise. Each enterprise is eligible to receive assistance for two technology transfer projects per year. Projects are evaluated on a competitive basis.

- **Illinois Recycling Expansion and Modernization Program:** Illinois Department of Commerce & Economic Opportunity awards matching grants to Illinois organizations and businesses to accomplish recycling market expansion and waste reduction goals while demonstrating public economic benefits. The program diverts materials from the solid waste stream, thereby conserving natural resources, while boosting performance of Illinois businesses and organizations to sustain and expand the Illinois economy.

Tax Incentives

Government could provide tax incentives to employers to encourage them to establish or expand high-road workplace programs.

Examples

- **Tax incentives in Empowerment Zones:** Businesses in Renewal Communities (RCs) and Empowerment Zones (EZs) that hire local residents, upgrade their equipment, and build or rehabilitate commercial property can qualify for substantial tax savings through federal tax incentives reserved exclusively for businesses in these defined locales. Eligible businesses in RCs and EZs that hire local residents outside the family may be eligible for yearly employment credits of up to $3,000 per employee in EZs and $1,500 per employee in RCs.

- **Business Energy Investment Tax Credit:** This Federal tax credit incentivizes businesses that adopt clean energy technology. The rebate amount is 30% for solar, fuel cells, and wind; and 10% for geothermal, micro-turbines and CHP. (Notably, the expiration date for these technologies was extended, with a gradual step-down of credits between 2019 and 2022.)

- **Philadelphia B-Corp Tax Break:** Businesses located in the City of Philadelphia can be certified as sustainable businesses once they earn certification as B Corporations. B Corporations meet comprehensive and transparent social and environmental standards. Once certified, a business remains eligible to receive Sustainable Business Tax Credits each year that such tax credits are available. For tax years 2012 through 2017, a certified sustainable business is eligible for a tax credit of $4,000.
### Tax Incentives, continued

- **Asheville, NC Tax Incentives**: These include state tax credits to firms that invest in business property, create jobs, etc. Other NC state business tax and incentive programs include:
  - State-Funded Customized Labor Training (provided through Asheville-Buncombe Technical Community College)
  - One North Carolina Fund (subject to availability of funds)
  - Job Development Investment Grant Program (JDIG) makes direct cash grants to employers new or expanding in the state. Grants are discretionary based on performance and on a percentage of the personal income tax withholdings associated with the new jobs.

### Loans

Government could provide easily accessible, low-interest loans to employers to encourage them to establish or expand high-road workplace programs.

**Examples**

- **Loan Guarantee Program**: The U.S. Department of Energy’s Loan Programs Office (LPO) loans accelerate the deployment of innovative, clean-energy projects and advanced-technology vehicle manufacturing facilities. To date, LPO has supported more than $30 billion in loans, loan guarantees, and commitments for more than 30 projects across the U.S.

- **Community Reinvestment Act (CRA)**: The Community Reinvestment Act is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods, consistent with safe and sound operations. It was enacted by the Congress in 1977 (12 U.S.C. 2901) and is implemented by Regulation BB (12 CFR 228). The regulation was substantially revised in May 1995 and updated again in August 2005.

### Awards

Government units as well as media, industry associations and/or civic groups can confer awards to recognize employers that have exemplary high-road workplace programs and practices.

**Examples**

- **Fortune’s 100 Best Companies to Work For**: Fortune magazine partners annually with Great Place to Work® (see next bullet) to conduct a statistically reliable, national survey of employees, with results published in a special issue of Fortune magazine.

- **Great Place to Work®**: A global consulting and survey practice that produces the annual Fortune 100 Best Companies to Work For® list and over a dozen other Best Workplaces lists in partnership with Fortune, including Best Workplaces for Millennials, Women, Diversity, Small and Medium Companies, and specific industries. The Great Place to Work® Certification Program allows companies to be automatically considered for all Best Workplaces list competitions. [https://www.greatplacetowork.com/about-us](https://www.greatplacetowork.com/about-us)

### Certification and Criteria

Government- and/or industry-instituted rating systems provide criteria and prescriptions to establish high-road operations and award reputable, third-party-verified certification to employers attaining this goal.

**Examples**

- **Social Accountability International (SAI) SA8000 Guidelines**: SA8000:2014, the latest version of the SA8000® Guidelines, includes Social Fingerprint® to help organizations continuously measure and improve their management system for social performance, helping them fulfill the requirements of the Management System Element of SA8000. Social Fingerprint® unpacks the Management System Element into 10 categories: policies and procedures and records, social performance team, identification & risk assessment, monitoring, internal involvement and communication, complaint management and records, external verification and stakeholder engagement, corrective and preventative actions, training and capacity building, management of suppliers and contractors.
Appendix D: Incentives, continued

**Certification and Criteria, continued**

- **B Corp:** B Corps are for-profit companies – currently 2,100 in 50 countries and 130 industries – certified by the nonprofit B Lab to have voluntarily met rigorous standards of social and environmental performance, accountability, and transparency. (B Corp. status is different from a Benefit Corporation, a legal type of corporation currently recognized in 32 states, with legally protected requirements of higher purpose, accountability and transparency.)

- **Green America’s Green Business Network Certification:** Green Business Network Certification is awarded to companies meeting rigorous standards of environmental sustainability and related key metrics of responsible business operation.

- **EITI:** The Extractive Industries Transparency Initiative (EITI) is a global standard to promote open, accountable management of oil, gas, and mineral resources. The Standard seeks to address key governance issues of the oil, gas, and mining sectors. As transparency is not traditional in most privately held firms, it can be a challenge to verify sustainable, responsible vendor operations. Industry organizations address this concern with certification programs on behalf of the responsible companies in their memberships. These programs usually develop well in advance of laws regulating these practices, and are worth investigating. One example of a certification program that verifies supply chain responsibility is the Extractive Industry Transparency Initiative (EITI) is one such program. Companies can verify that their supply chain meets these sustainable supply chain management standards by becoming EITI-certified or contracting with EITI-certified vendors.

**Examples**

- **Earned Sick Time Chicago:** Chicago’s 2017 ordinance allows workers to accrue and use up to five earned sick days over the course of one year, earn one hour paid sick time for every 40 hours worked, and roll over 2.5 days unused sick days to the following year (employers are not required to pay for unused sick days). The ordinance also allows new employees to earn and accrue sick leave which can be used after an initial, six-month probationary period. Employers that offer combined-leave benefits such as PTO are exempt if employees can accrue and use up to five days of PTO within a calendar year. Sick leave benefits negotiated as part of a collective bargaining agreement are exempt.

- **Paid Family Medical Leave Washington, DC:** Washington, DC provides private-sector employees with eight weeks of paid leave after the birth or adoption of a child, two weeks paid sick leave for the employee’s own illness and six weeks of paid leave to care for a family member. The paid leave program is financed through a 0.62 percent payroll tax on employers.

- **The FAMILY Act:** Sponsored by Rep. Rosa DeLauro (D-CN) and Sen. Kirsten Gillibrand (D-NY), the Family And Medical Insurance Leave (FAMILY) Act (S. 337/H.R. 947) would create a comprehensive national program to assist employees who are new parents or are coping with serious personal or family illness. FAMILY Act would provide 12 weeks partial income to workers with serious health conditions or pregnancy/childbirth recovery, enable workers to earn 66% of monthly wages with a capped amount, cover workers in all companies of varying sizes, be funded through payroll contributions and be administered through a new Office of Paid and Family Medical Leave.

- **OSHA Final Rule CFR 1904.41:** issued to improve tracking of workplace injuries and illnesses. This Rule requires certain employers to electronically submit injury and illness data that they are already required to record on their onsite OSHA Injury and Illness forms. Analysis of this data will enable OSHA to use its enforcement and compliance assistance resources more efficiently. Some of the data will also be posted to the OSHA website.

**New Labor Standards & Enforcement**

Government can enact new laws and regulations and updates existing ones to establish workers’ rights and benefits in compliance with high-road workplace standards. Government can provide adequate fiscal and human resources to notify all parties, assist employers in compliance and enforce high-road workplace laws and regulations.
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