

Report to

**U.S. Department of Labor
Women's Bureau**

Win-Win Workplace Practices:
Improved Organizational Results
and
Improved Quality of Life

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Executive Summary

The 21st century workplace faces several challenges. The employer faces a serious labor shortage: as baby boomers age and contemplate traditional retirement, there won't be enough young people entering the workforce to replace them, and they certainly won't have comparable experience.¹ In fact, current estimates on the U.S. labor shortfall range from 3 million to 10 million workers by 2010.²

In addition, the demographics of the workforce are changing. There are more women in the workforce than ever before—women's participation has increased from 43 percent to 60 percent in the last 32 years.³ Today, nearly three-quarters of mothers with children under age 18 are in the workforce.⁴ In 2002, 78 percent of married couples lived in two-income households.⁵ Also consider that the workforce is “graying” over time. The number of workers over age 55 is projected to nearly double from 2002 to 2012.⁶

Given that the labor market is expected to tighten, the employment market will likely become more competitive. Attracting and

retaining experienced workers should be a priority of today's employer. What strategies can organizations employ to best meet the needs of the 21st century workforce and meet their own objectives? As employees juggle work and family responsibilities, their challenges punctuate the need for “quality of life” benefits that range from flexible work options to child and elder care support. Further, older workers may wish to consider non-traditional alternatives to full-time retirement, a paradigm shift that employers will need to take into account.

This paper seeks to provide to the public an understanding of the type of workplace that improves the employer's bottom line and the employee's quality of life. This study was conducted by identifying and synthesizing existing information on family-friendly practices in the United States in a variety of sectors of the economy, including large corporations, small and medium businesses, government, nonprofit and nongovernmental organizations, and academic institutions. Supplemental interviews gave clear perspective to many of the issues and concerns in the workplace.

Finding the solutions that create a win-win for employer and employee is challenging. Given the diverse nature of the workforce, there is not a one-size-fits-all solution. How does an employer develop successful programs and benefits when there are so many factors to consider? While answers to this question remain at the heart of this report, the following is a summary of findings:

¹ Ken Dychtwald, Tamara Erickson, and Bob Morison, “It's Time to Retire Retirement”, *Harvard Business Review*, March 2004.

² Dychtwald, et al, 2004; Patricia O'Connell, ed., “Ready for a Worker Shortage?” *Business Week Online*, March 22, 2004; Michael W. Horrigan, “Employment Projections to 2012: Concepts and Context”, *Monthly Labor Review*, February 2004.

³ U.S. Department of Labor, *Bureau of Labor Statistics: Women in the Labor Force: A Databook*, February 2004.

⁴ Ibid.

⁵ Families and Work Institute, *National Study of the Changing Workforce*, 2002.

⁶ U.S. Department of Labor, *Bureau of Labor Statistics: 2002-12 Employment Projections*.

Summary of Findings

- 1) Workplace practices that include support for “family-friendly” benefits produce solid economic results, including higher profits, higher productivity, and lower attrition.
- 2) The key barriers to successful implementation and utilization of “family-friendly” policies are management and staff resistance, lack of training, and the employee’s (often justified) fear of being marginalized. Conversely, there is a strong correlation between organizations that embrace a culture of family-friendly policies, and the overall productivity and loyalty of its employees.
- 3) The organizations that produce the greatest results in meeting the needs of the changing workforce tend to recognize and treat their human resources as capital investments and demonstrate an employee-focused philosophy through strong leadership, vision, strategic planning, and communication.
- 4) There is a direct correlation between employees that have access to and take advantage of benefits deemed to be “family-friendly,” and their reported quality of life and job satisfaction.
- 5) There is an alarming disparity in the types of benefits offered to employees, depending upon their position and the size and function of their organization.

These findings demonstrate that--despite the challenges-- corporations of all sizes, academia, and governmental and non-profit entities can adopt win-win solutions that deliver improved organizational results as well as enhanced quality of life for employees.

1. Introduction

1.1 Purpose of Paper

To promote more profitable and sustainable employment opportunities, the practices, policies and philosophies of the workplace must be explored. This paper seeks to provide an understanding of the environment that allows the employee to thrive and allows the employer to reap financial rewards.

1.2 Methodology

The methodology relied heavily on published, available data. A literature search was conducted initially to identify available data on family-friendly practices in a variety of sectors of the economy, including large corporations, small and medium businesses, government, nonprofit and nongovernmental organizations, and academic institutions. The “Best of” lists published by *Fortune* Magazine, *Working Mother* Magazine, and the National Association of Female Executives (NAFE) yielded useful information, as did numerous research papers, studies, and articles. Leading work/life authorities (including Catalyst, Society for Human Resource Management, New America Foundation, Families and Work Institute, Employment Policy Foundation, and the Great Place to Work Institute) served as critical sources for statistics, case studies and other information.

During the literature review, organizations recognized for family-friendly practices were identified as candidates for the case studies section of this report. Their benefit offerings, management styles, and organizational results were examined and case studies developed. Organizations then were given the opportunity to verify

the accuracy of each proposed case study. Although attempts were made to obtain information representing a variety of organizations and programs in diverse locations throughout the U.S., the case studies in this report are not intended to be all-inclusive or statistically representative.

Supplemental interviews with various professionals gave crisp perspective to many issues and concerns in the workplace, as well as a first-hand understanding of how programs are perceived and implemented. Following extensive data analysis, conclusions and recommendations were developed.

1.3 Background

An analysis of demographic trends points to some significant challenges for employers.

- ◆ The employer faces a serious labor shortage: as baby boomers age and contemplate retirement, there won't be enough young people entering the workforce to replace them, and they certainly won't have equivalent experience.⁷ In fact, current estimates on the U.S. labor shortfall range from 3 million to 10 million workers by 2010.⁸
- ◆ The employer faces a labor force that is changing. Women's labor force participation rate has increased from 43 percent to 60 percent in the last 32 years.⁹ In 2002, nearly three-quarters of mothers with children under age 18

⁷ Dychtwald, et al, 2004.

⁸ Dychtwald, et al, 2004; O'Connell, 2004; Horrigan, 2004.

⁹ U.S. Department of Labor, *Women in the Labor Force: A Databook*, 2004.

were in the workforce, and three out of five women with children under age three were employed.¹⁰ In 2002, 78 percent of married couples lived in two-income households.¹¹ In addition, the employer faces a “graying” workforce: the Bureau of Labor Statistics’ 2002 – 2012 projections estimate that the youngest workers ages 16 to 24 will grow by 9 percent, those aged 25 to 54 years will increase by 5 percent and those over 55 will nearly double.¹²

Employees today struggle with finding a balance between their work and home lives. Employees often report that they don’t spend enough time with their families, and that work interferes with their family lives.

- ◆ In a 2001 study by Rutgers University and the University of Connecticut, 90% of working adults said they are concerned they do not spend enough time with their families.¹³
- ◆ Forty-five percent (45%) of married workers, with children or not, report some or a lot of interference between their work and family lives, up from 34% in 1977.¹⁴

It is worth noting that the prevalence of mergers and acquisitions, frequent changes in leadership, and unprecedented lay-offs in organizations have substantially altered the loyalty factor. Further, women, in particular, have been known to change

jobs numerous times over their career to accommodate the various stages of their personal and professional life. The demand for family-friendly benefits and non-traditional approaches such as phased retirement will become a significant discriminator in competitive employment decisions.

To avoid high turnover rates, which causes high hiring and training costs, employers must devise strategies to recruit and retain quality employees who can contribute to their organizational success. The challenge lies in finding win-win solutions that benefit both the employee and the organization. Several cohorts of workers may be attractive employment candidates to employers, due to their skills and experiences:

- ◆ Older workers, who may want or need to continue working in some capacity past the traditional retirement age
- ◆ Baby boomers and educated mothers, who may want to apply their expertise in less traditional employment situations.

The remainder of this report explores options to attract and retain workers in the 21st century, particularly those juggling work and family responsibilities.

1.4 Exploring “Family-Friendly” Benefits

The term “family-friendly” includes a range of benefits and practices in the workplace that contribute to the employee’s well being, resulting in reduced stress and increased comfort and security.

¹⁰ Ibid.

¹¹ Families and Work Institute, *National Study of the Changing Workforce*, 2002.

¹² U.S. Department of Labor, *2002-12 Employment Projections*.

¹³ Society for Human Resource Management (SHRM), *Work/Life Balance: Challenges and Solutions*, 2003.

¹⁴ Families and Work Institute, 2002.

These benefits include options that help employees take control of their lives, such as by offering flexibility in working hours or providing assistance with financial issues. The most prevalent family-friendly benefits offered in 2003 were: dependent care flexible spending accounts, flextime, family leave above legal requirements, part-time telecommuting, compressed workweek, and domestic partner benefits.¹⁵

Presented below are examples of family-friendly benefits offered in today's workplaces.

Flexible Spending Accounts

- ◆ Dependent Care
- ◆ Health Care

Over seventy percent of employers surveyed reported that they offer dependent care flexible spending accounts for dependent care.¹⁶ This low-cost option for employers allows employees to set aside a portion of their salary, tax-free, to pay for dependent care expenses. Dependent care flexible spending accounts are the most prevalent family-friendly benefit offered today.¹⁷ Generally, employees submit documentation and are reimbursed for expenses up to designated limits.

Flexible Work Arrangements

Flexibility in Time Examples

- ◆ Daily and traditional flextime
- ◆ Compressed work weeks
- ◆ Paid leave
- ◆ Compensatory time off

- ◆ Extended maternity/paternity leave
- ◆ Part-time
- ◆ Staggered hours
- ◆ Adjusted hours/time off during periods such as summer season
- ◆ Sabbaticals or career leave
- ◆ Floating holidays
- ◆ Personal days
- ◆ Paid time-off banks
- ◆ Vacation buying during annual benefits enrollment
- ◆ Vacation borrowing from the following year
- ◆ Vacation sharing (community bank for personal needs)

Organizations promote workplace flexibility because it:

- ***Saves money in office costs and employee commute time***
- ***Provides employees with more control over their work time, improves morale, and reduces absenteeism***
- ***Allows organizations to respond to the needs of worldwide customers 24/7***

Flexibility in Place or Work Examples

- ◆ Telecommuting at home
- ◆ Working at satellite sites or off-site locations
- ◆ Shift swapping
- ◆ Job-sharing

In 2001, 25 million American workers reported working at home at least one day per month and 15 % of the workforce—over 19 million people—claim they work at home at least one day per week.¹⁸

¹⁵ SHRM/SHRM Foundation, *2003 Benefits Survey*, June 2003.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ U.S. Department of Labor, *Bureau of Labor Statistics, Work at Home in 2001*, March 1, 2002.

Leave

Paid leave is something many of us take for granted. It is startling to note that 47 percent of private sector workers lack any paid sick leave.¹⁹ Further, it is unfortunate that the percentage of organizations offering paid vacations, paid sick leave, and paid personal days decreased in 2003.²⁰

As a result of the Family and Medical Leave Act, full-time employees can take up to 12 weeks of family and medical leave, but this leave is unpaid and applies only to workers at firms with 50 or more employees.

Part-Time Schedules

In 2002, an average of 13 million workers between the ages of 25 and 65 worked part-time. Historically, the majority of part-time workers have been women, particularly those who are married.²¹ Over 45% of women who worked part-time in 2003 reported work/life balance as the rationale for the part-time schedule.²² It is important to note that while 97% of companies with 100 or more employees provide personal health insurance coverage for full-time workers, only one third offer full or pro-rated benefits to part-time workers.²³

Child Care

- On-site/near-site child care
- Back up, sick child or odd-hour care
- Before/after school, holiday, summer child care

¹⁹ Kornbluh, 2004.

²⁰ SHRM/CNNfn Job Satisfaction Series: Job Benefits Survey, December 2003.

²¹ Employment Policy Foundation, *Current Population Survey Data*, November 24, 2003.

²² Ibid.

²³ Kornbluh, 2004.

- Homework assistance programs
- Referral services

Nearly half of employed families with children under 13 pay for child care, spending an average of nearly \$300 per month. At least 29% of all employed families with children under 13 receive some type of non-tax child care help from relatives, government, employers, or others. Thirty-six percent (36%) of organizations surveyed provide access to child care resources and referrals.²⁴

Elder Care

Elder care is an issue of increasing importance. Thirty five percent of workers, men and women alike, say they have provided care for a relative or in-law 65 or older in the past year.²⁵ Of the 25 percent of all full-time employees who provide at least partial care-giving support for an older adult, 10 percent quit their jobs each year due to care-giving constraints.²⁶

The 1997 MetLife study indicated that elder care issues cost U.S. companies over \$10 billion a year in decreased employee productivity due to increased absenteeism, greater number of workday interruptions, and elder care crises. They also estimate that the cost of employee turnover due to eldercare is an estimated \$5 billion annually.²⁷

The most common elder care benefit is a referral service. In a SHRM survey, 1 in 5

²⁴ Families and Work Institute, 1998 *Business Work-Life Study*.

²⁵ Families and Work Institute, *National Study of the Changing Workforce*, 2002.

²⁶ Hewitt Associates, *Work-Life Benefits Survey*, 1999.

²⁷ *MetLife Mature Market Group Study*, 1997.

employers responded that that their organization offers such a service.²⁸

Organizations may offer other benefits that can be considered family- or employee- friendly. Such programs include, but are not limited to, the following:

- ◆ Wellness programs
- ◆ Employee Assistance Programs
- ◆ Homebuying assistance
- ◆ Scholarship programs for children of employees
- ◆ Tuition reimbursement programs
- ◆ Flexible or cafeteria style benefits plans
- ◆ Volunteer release time
- ◆ Phased retirement
- ◆ Concierge services.

One-size-fits-all benefits packages applied to employees will be a poor fit for today's workers. For example, some benefits, such as life insurance, are more attractive to single parents and less attractive to unmarried employees or those without children. Defined contribution accounts are one alternative. Flexible benefits plans or cafeteria plans are now available to nearly one third of all private sector employees.²⁹

In addition, there is a trend towards organizational collaboration and innovation in the provision of some benefits. For example:

- ◆ The American Business Collaboration (ABC) is comprised

of a group of U.S. companies that partner together to ensure that employees have access to quality dependent care programs and services for young and school-aged children and elderly relatives.³⁰

- ◆ A newly-formed group of about 50 of the nation's largest employers are forming a purchasing pool of part-time and contracted workers who do not qualify for health benefits.³¹
- ◆ According to Freddie Mac, a pilot program designed to stabilize the workforce--which involves the employer, a financial institution and a credit counseling agency--has been met with early success.³²

1.5 Employee Benefits and Job Satisfaction

Studies have shown consistently higher retention rates for satisfied employees. Job satisfaction can be related to management practices, benefit programs, and the employee's ability and perceived ability to take advantage of those opportunities.

Employee benefits packages are a relatively large portion of the total compensation package for employees. In a SHRM Job Satisfaction Survey, employees rated what they considered "very important" to overall job satisfaction.

²⁸ SHRM/SHRM Foundation, June 2003.

²⁹ Employment Policy Foundation, Results from the 1999 National Compensation Survey, *Employee Benefits in Private Industry*, www.workandfamily.org.

³⁰ www.abcdependentcare.com.

³¹ Bill Brubaker, "Health Insurance Plan Would Aid Part-Timers," *The Washington Post*, May 11, 2004.

³² Personal interview, Freddie Mac employee.

The top six aspects of employee satisfaction are:

- ◆ Job security
- ◆ Benefits
- ◆ Communication between employees and management
- ◆ **Employee flexibility to balance life and work issues**
- ◆ Compensation/pay
- ◆ Career advancement opportunities ³³

SHRM found a high correlation between employees’ satisfaction with their total benefits package and overall job satisfaction. ³⁴

Different benefits are important to employees of various industry sectors. SRHM assessed the benefits most important to employee job satisfaction across industries. For example:

- ◆ A flexible work schedule is most important to those in the high tech industry and least important to those in the construction and mining industry.
- ◆ Paid time off is most important, by far, to those in the finance sector and least important to those in the high tech sector. ³⁵

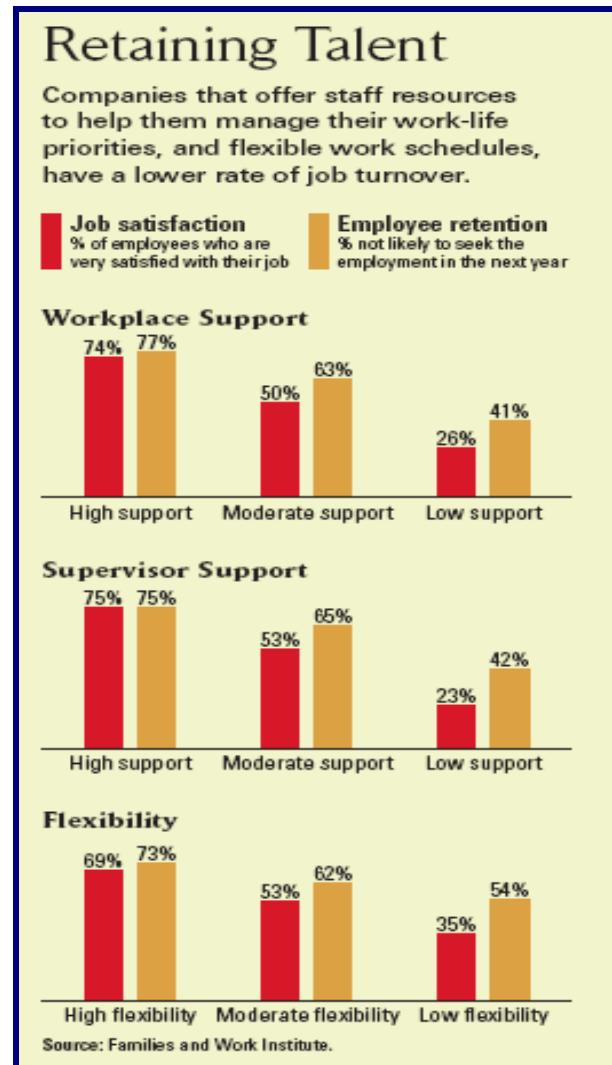
Ultimately, job satisfaction can lead to better performance for the employee and the organization. Studies show that employees satisfied with their jobs tend to be more loyal, remain with the organization longer, provide better customer service, and feel less stress. The results of employee satisfaction

³³ SHRM/CNN Job Benefits Survey, December 2003.

³⁴ Ibid.

³⁵ Ibid.

can be assessed through various performance measures.



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Figure 1: Job Satisfaction and Employee Retention

1.6 The Business Case

While certain practices are found in successful companies (strong leadership, vision, and training), it is their presence in combination with “family-friendly” benefits that often contribute to the long-term success of an organization. But can

³⁶ Families and Work Institute.

this assertion be addressed in quantitative terms? Following is an examination of readily available data that address the most quantifiable measures, including financial performance, recruiting, retention, absenteeism and productivity.

Financial Performance

While many factors determine the success and profitability of a company, those organizations that are deemed “best places to work” generally demonstrate a “family-friendly” culture. There appears to be a relationship between satisfied and loyal employees and financial performance.

- ◆ Companies that support flexible work arrangements such as flextime, telecommuting, and job sharing have a 3.5 percent higher market value.³⁷
- ◆ In a 2001 survey of over 500 publicly traded companies, Watson Wyatt shows that the value of employee-friendly companies' stock increased in value by 64 percent from 1996 to 2001, compared with an increase of only 21 percent for stock prices of companies with the least employee-friendly workplaces.³⁸

Stock value of employee-friendly companies increased 64 percent from 1996 to 2001, compared to 21 percent for the least employee-friendly workplaces.

- ◆ Companies listed on *Fortune's* “100 Best Companies to Work For” consistently outperform the S&P 500, receive two times the number of job

³⁷ Watson Wyatt's 2002 *Human Capital Index Study*.

³⁸ Watson Wyatt Worldwide survey of more than 500 publicly-traded companies, 2001.

applications, and have half the turnover rate than their competitors. “The 100 Best” list companies have had a 10.6 percent annual return since 1998 compared to the 5.7 percent return for the S&P 500 over the same period.³⁹

In order to achieve superior results, employers need to effectively hire and retain qualified people. High retention minimizes the costs of recruiting new talent, a process that can be costly. For example, direct costs of recruiting new talent can include:

- Fees to recruiters
- Interview time and expenses
- Relocation expenses
- Training costs
- Increase in new salary versus old.

As a rule, each manager or professional who resigns costs the company the equivalent of 18 months salary.⁴⁰

Retention problems also can contribute to lost revenue and growth opportunities:

- Lost revenues due to open position
- Lost revenues due to client leaving with employee
- Lost revenues because of inferior customer service or performance
- Lost intellect and knowledge.

Recruiting

Companies that offer competitive benefits that include flexible work arrangements may be more attractive to some job

³⁹ Noshua Watson, "Happy Companies Make Happy Investments," *Fortune Magazine*, May 27, 2002.

⁴⁰ Hay Group, *The Retention Dilemma*, 2001.

seekers than those that merely offer higher wages. Men and women who are in dual career families say that if they were to switch jobs, they would look for a new employer who offers flexible hours:

- ◆ 87% of women and 82% of men who are part of dual career couples reported that flexible hours are something that they would look for in a new employer.⁴¹
- ◆ Nearly half of employees list the “degree to which the job allows personal/family time” as the most important factor in considering a job offer.⁴²

The ability to attract the quality necessary for a position is a critical component of the employer’s performance. Whether an organization is looking for a highly trained skill set or an hourly wage earner, they need the ability to quickly and inexpensively close the gap left from an exiting employee.

Retention

The following figure, provided by Great Place to Work Institute, Inc., which supplies the data for Fortune’s “100 Best Places to Work” list, demonstrates the retention gaps between those top companies and the industry averages. Clearly, those organizations that are deemed among the best places to work demonstrate significantly lower voluntary turnover rates than their industry averages.

⁴¹ Catalyst, *Two Careers, One Marriage: Making it Work in the Workplace*, 1998.

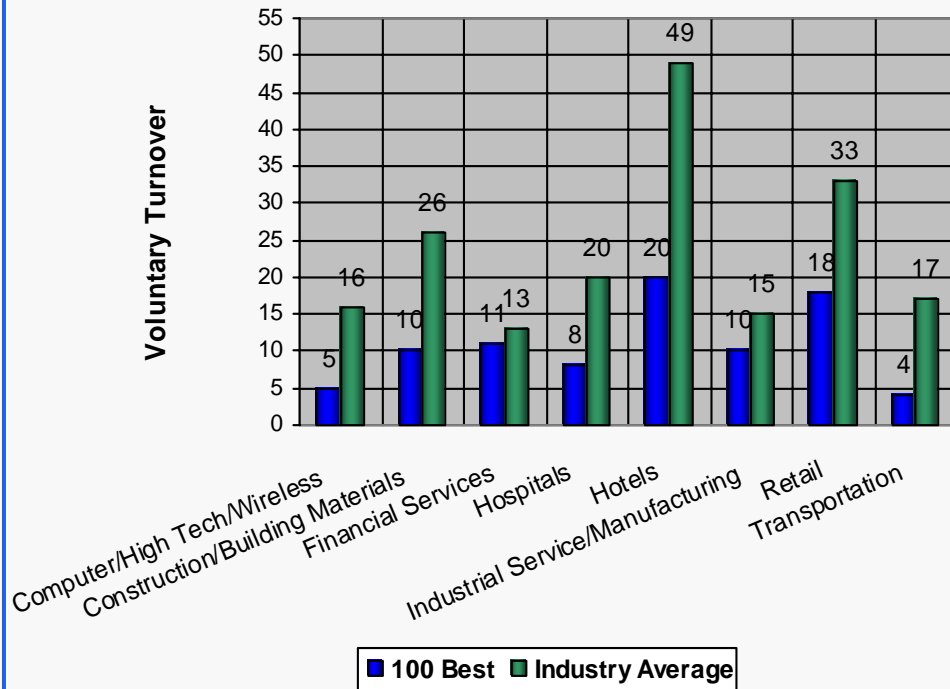
⁴² Aon Consulting, *LifeCare*, 1998.

Voluntary Turnover "100 Best" vs. Industry Average



VOLUNTARY TURNOVER CALCULATION:

Number of full time voluntary separations over the past year (excluding retirements) divided by the number of full time employees. Comparative data provided by BLS.



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Figure 2: Turnover at Best Places to Work vs. Industry Averages

⁴³ Great Place to Work Institute.

Furthermore, in a 10-year study of women who pioneered part-time arrangements, Catalyst found that working mothers may want to briefly reduce career involvement, but they do not want to forgo career progress or leave the labor force. Flexible work arrangements can be a means of retaining high quality employees.

- ◆ All of the women in the study held mid- and senior-level positions, and more than half had earned promotions in the past decade.
- ◆ Seventy-one percent (71%) of the 24 women in this study reported they would have left their employee or only stayed on a short-term basis if they had not been able to take advantage of flexible work arrangements.⁴⁴

Absenteeism

The cost of absenteeism must be considered when evaluating human resource programs. *Bottom-Line Benefits* reports that the national average for absenteeism is 5 – 12 days per employee per year.⁴⁵ Studies have found that unscheduled absenteeism is most often related to family issues, stress, and personal needs rather than to illness.

American businesses lose \$68 billion annually due to employee absences, according to *HR Magazine*.⁴⁶

- ◆ Johnson & Johnson “found that there was a 50% decline in

absenteeism among employees who used flexible work options and family leave policies.”⁴⁷

- ◆ In a survey from a large manufacturing company, employees with low job satisfaction have over 50 percent more absenteeism, first-aid visits, and transfer requests.⁴⁸
- ◆ AT&T found that 57% of their female staff and 33% of their male staff with children under six had lost time from work in the preceding month due to child care problems.⁴⁹

According to a presentation at the Emergency Child Care Conference in 1997, an average business with 250 employees can save \$75,000 per year in lost work time by subsidizing care for employees’ sick children. In 1997, Chase Manhattan’s back-up childcare center saved 6,900 workdays, and DuPont’s Just-in-Time Care program saved 2,099 days. In 1998, Prudential reported that its new back-up childcare center saves the company \$80,000 a year in employee retention and reduced absenteeism.⁵⁰

⁴⁷ SHRM, *Challenges and Solutions*, 2003; J. Landauer, “Bottom-Line Benefits of Work/Life Programs”, *HR FOCUS*, July 1997.

⁴⁸ Hay Group, 2001.

⁴⁹ Employment Policy Foundation, July 24, 2003, Charlotte, Mecklenburg Workforce Development Board, *Balancing Family and Work Life: Dependent Care Responsibilities and Implications in the Workplace*, 2001.

⁵⁰ Fannie Mae and Business for Social Responsibility, *The Elder Care Continuum*, March 2001.

⁴⁴ Catalyst, *Flexible Work Arrangements III: A Ten-Year Retrospective of Part-Time Arrangements for Managers and Professionals*, 2000.

⁴⁵ *Bottom-Line Benefits*, October 2001.

⁴⁶ *Ibid.*

Productivity

Family-friendly work arrangements can impact productivity positively.

- ◆ Studies by the Gartner Group, global IT consultants, have shown that telecommuting improves productivity by 10 to 40 %.⁵¹
- ◆ While providing the employee more control in their lives, flexibility offered by an organization has positive results for the employer. At IBM, employees working flexibly reported:
 - 10% overall increase in productivity; 3 hours saved per week
 - 76% improved responsiveness to customer requests for information
 - 63% improvement in balancing the demands of work and personal life.⁵²
- ◆ In one client-focused study, employers compared employees working flexibly and traditionally.
 - 56% said flex employees were more productive (none said less)
 - 50% said flex employees were more focused (none said less)
 - 21% said flex employees were more able to meet deadlines (none said less).⁵³

- ◆ At DuPont, employees who use or are aware of work/life programs are the most committed employees in the company. They are 45% more likely than non-users to strongly agree that they will “go the extra mile” to assure DuPont’s success.⁵⁴

Although there are clear indications that the prevalence of “family-friendly” workplace practices can yield improved performance, there are organizations that view these benefits as added expense. In fact, there are cases of companies cutting back on flexible work options during economic downshifts. It is important for employers to understand the relationship between these benefits and their bottom-line.

2. Case Studies

To address the diverse needs of a changing workforce, organizations have taken various creative and ultimately financially rewarding approaches to recruit and retain productive employees. Whether in the public, private, or non-profit sectors, employers can benefit from the experiences of other organizations. Following are some of the many success stories about family-friendly benefits and innovative practices from various sectors of the economy. The section concludes with a case study that illuminates the importance of institutional support for part-time employees.

⁵¹ Center for Workforce Balance, “Tracking the Techno Future”, *American Demographics*, July 1999.

⁵² Catalyst, *Business Case Fact Pack, Flexibility at Work*.

⁵³ Flexible Resources, *Client Profile: Organizations Employing Professionals in Flexible Work Arrangements*, 1999.

⁵⁴ Catalyst, *Business Case Fact Pack*.

Small Business

ARO Outsourcing

Running a Work-at-Home Call Center

Background: ARO Outsourcing is a call center that handles customer service for insurance companies. It is a small business based in Kansas City, Missouri. ARO instituted telecommuting six years ago as it sought ways to reduce its annual employee turnover rate of 60 percent. The company had been attracting principally young workers with little experience and consequently, was spending too much on recruiting and training. (It's difficult to fill high-stress, low-pay call-center jobs, particularly in Kansas City, which is home to more than 150 call centers.) ARO had to either raise wages or find another method to appeal to prospective employees. So the company spent about \$900,000 on a telecommute-friendly call-center system using technology from eOn Communications, Avaya and a little proprietary technology.

Today, 225 of ARO's 265 agents work from home. ARO supervisors provide oversight of all work-at-home employees. The computers at the home base allow managers to see the telecommuting agent's screen as a customer interview is going on, as well as listen to the conversation. The managers can also send instant messages to agents.

This company has adapted with the times. Company executives anticipated trends and avoided financial hardship by switching completely to business-to-business calls four years ago when they noticed state do-not-call lists beginning to surface (business-to-business telemarketing is exempt from the no-call lists).

The company now has an expanding Property and Casualty auditing arm that is doubling every 2 months and is about to tap its large pool of healthcare savvy baby-boomers with a foray into the pharmaceutical market place. All these opportunities are supported by the growing part-time labor pool of baby boomers that are experienced, and know what "work ethic" is.

Results: Annual turnover has plummeted to just 5 percent. ARO's employees tend to be older than competitors' employees and come with significant workplace experience. Agents are handling about 20 percent more calls than they used to. ARO's staff also can match India and offshore call centers' rates, and beat them on quality. The company's operating costs have dropped by about 30 percent, saving it almost \$400,000 a year. ARO hasn't leased more office space, despite the fact that it employs three times more people than it did five years ago.

www.callcenteroptions.com; David Whelan, "The Slipper Solution", *Forbes.com*, May 24, 2004; Ken Dychtwald, Tamara Erickson, and Bob Morison, "It's Time to Retire Retirement", *Harvard Business Review*, March 2004; Aman Batheja, "Hold the Phone: No-Call Lists Force Telemarketers to Change Strategies", *The Kansas City Star*, January 8, 2004; Stephanie Clifford, "Case Study: When Telecommuting Actually Works", *E-business: What Works*, November 2001.

The Johnsson Group, Inc.

Providing Flexibility and Requiring Sabbaticals

Background: The Johnsson Group, Inc. is a Chicago-based finance consulting firm specializing in assisting Fortune 500 companies in maximizing the value they derive from their finance organizations. Margaret Johnsson founded the company in 1991. Currently at over 45 employees, Johnsson Group is located in Chicago, New York, and Paris. Ms. Johnsson researched how business people develop innovative solutions, and found that people have ideas in many places even away from the job. Thus, she developed programs that would help the Johnsson Group achieve high quality results for their clients while retaining employees with tremendous expertise.

Employees at Johnsson Group, Inc. must work at least 15 hours per week, but there is no set work schedule. Tenured employees earn up to seven weeks of paid time off annually for holidays and vacation. In addition, Johnsson has a unique "mini-sabbatical" program: in addition to their regular vacation time, employees are required to take two additional consecutive weeks of vacation every three years. Employees must take the two weeks to visit a new place, and are given a \$1,000 expense allowance.

Results: The Johnsson Group has achieved double digit annual revenue growth and has an enviable track record in staff retention, averaging 90 percent annually--turnover in the industry averages 20% to 40%.

Recognition: 2002 Balance Award from the American Society of Women Accountants (ASWA). Named a Winning Workplace, Winning Workplaces. Ms. Johnsson was selected by the U.S. Small Business Administration as the Illinois Small Business Person of the Year in 2001, and was named as one of 100 women making a difference by Today's Chicago Woman. The firm received the 2000 regional Working Woman Entrepreneurial Excellence Award for Best Employer, and was ranked #218 on the 1999 Inc. 500 list of America's fastest-growing privately held companies.

www.thejohnsongroup.com; Robin Schatz, "The Other Balance Sheet: How one firm gets more profit from less work." *Business Week Online*, October 8, 2001; Brenda G. Russell, "Flexibility Rules: Small Businesses are Experimenting with Programs to Retain Valued Employees", *Crain's Chicago Business*, February 16, 2001.

Walter Dorwin Teague Associates

Mentoring

Background: Founded in 1926, Walter Dorwin Teague Associates, Inc. (Teague) is one of country's largest and oldest Industrial Design firms. Teague has expertise in industrial design, mechanical design and 3-D multi media design, along with graphics and corporate communications. Currently Teague employs over 130 designers, engineers and high tech specialists.

Teague developed an innovative pilot program to address an anticipated void in experienced workers due to an aging workforce in its Everett, Washington office. With one third of its 130 employees over 50 and many of those retiring within 10 years, they devised a problem-solution-outcome paradigm that pairs older, experienced workers with those who have less than 5 years of experience. Currently, three designers (aged 64 and 65) mentor young employees for 8 hours per week. The most difficult challenge has been in finding relationships that work for all concerned.

Results: While Teague staff have not yet assessed the full benefits of the program, one junior staff member has recently been assigned lead design responsibilities, which they attribute, at least in part, to being on the receiving end of this innovative mentor program.

www.walter.wdta.com

Medium/Large Companies

Cendant Mobility

Flexible Schedules

Background: Cendant Mobility, a provider of global relocation services, has over 2,200 employees and is headquartered in Danbury, Connecticut. When three companies merged to form Cendant, turnover was 30 percent. An employee survey determined that lack of flexibility was a main reason for turnover. In addition, 70% of the workforce was female with an average age of 36. Cendant subsequently created a flexible work options program to address the lack of flexibility noted in the surveys. Rosemary Butterly, the company's Vice President of human resources and Amy Meichner, Senior Vice President of human resources, surveyed the competitors' flexible work programs before developing their own.

The employees are offered daily flexible start and end work times and consolidated schedules, with several combinations of work days and days off. Departments can determine the best approach for their business area. Employees also receive wellness programs that include onsite mammograms and flu shots and educational programs.

Results: Since the flexible work options and wellness programs began, Cendant reduced turnover to 10 percent and saved \$8.6 million for every percentage point it shrank.

Recognition: 2004 Optimas Award winner for Competitive Advantage for creating an approach to recruiting and retention that ensured solid business results.

www.cendant.com; Eilene Zimmerman, "The Joy of Flex", *Workforce Management*, March 2004.

First Horizon National Corporation

Offering Varied Resources to Meet Employee Needs

Background: First Horizon National Corporation (formerly First Tennessee National Corporation) companies operate more than 500 offices in 43 states. Its first office opened in 1864 as a bank in Memphis and has grown to become a national financial services company of 12,000 employees. First Horizon has the largest market share in Tennessee and one of the highest customer retention rates of any bank in the country.

In the early 1990s, the management of First Horizon conducted a study of their most profitable retail bank branches to find ways to increase profitability. Their research showed that the branches with the highest customer retention also had the highest employee retention. Employee survey responses yielded important themes of flexibility and more control over work. Thus, they initiated an employee-focused culture known as Firstpower. Firstpower is not a program—it is a mindset, attitude and philosophy. Each employee sets their own goals for success at work and in their personal life and uses company-provided tools and resources for support. Their business case: employees have the greatest impact on customer loyalty, which ultimately leads to profitability.

First Horizon realizes that there is not one definition of family, so they offer a variety of resources that employees can tailor to fit their families' needs. Some of the options available to employees include:

- ◆ Flextime
- ◆ Flexplace/telecommuting
- ◆ Working a “prime time” schedule (as few as 20 hours per week) while maintaining full benefits
- ◆ Compressed workweek
- ◆ Job sharing
- ◆ A bank for employees that offers convenient, personalized service, complimentary workshops, special discounts and extended hours
- ◆ Resources from Mayo clinic, including a 24-hour nurse line, annual health risk assessment, tobacco quitline and pregnancy care program
- ◆ Up to \$5,000 per child (up to two) annually for eligible adoption-related expenses
- ◆ Employee Assistance Program
- ◆ Paid time off to visit or volunteer in classrooms
- ◆ Round-the-clock free confidential assistance with such issues as parenting, child care and elder care through the LifeWorks program, which includes access to online tools and consultants.

First Horizon's efforts have helped them earn recognition as a leader in the financial services industry and a great place to work. In a recent survey, 96 percent of employees indicated that they are proud to tell others that they are part of this company.

**First Horizon National Corporation
(continued)**

Recognition: For seven consecutive years (1997 – 2003), First Horizon has earned a place on *Fortune's* list of the “100 Best Companies to Work For.” They are one of only 24 companies that have been named to the list every year since its inaugural publication in *Fortune*. For nine consecutive years (1995-2003), *Working Mother Magazine* named them to its list of the “100 Best Companies for Working Mothers.” In 2003, AARP named First Horizon as one of the “25 Best Employers for Workers over 50.” For a second consecutive year (2003 – 2004), *Business Ethics Magazine* named First Horizon to its list of “100 Best Corporate Citizens”. First Horizon also was recognized in *Business Week's* “Best Practices from 10 Leading Companies” for outstanding work and family strategies.

www.ftb.com; Hatch Woodward, “Beyond Basic Benefits”, *HR Magazine*, September 1, 1997; ABC Business Collaboration Report 10th Anniversary, 1992-2002.

SAS Institute, Inc.

Extensive Work/Life and Wellness Services Offered by Regular Full-Time Employees

Background: SAS Institute, Inc. is the world's largest privately held software company. This employee software manufacturer has over 5,000 employees in nearly 200 offices nationwide, over 10,000 employees worldwide and is headquartered in Cary, North Carolina. Since the company's founding in 1976, CEO Dr. James Goodnight's philosophy has been, "If you treat employees as if they make a difference to the company, they will make a difference to the company." SAS's demonstrated commitment to employees, commitment to quality products and the commitment to the customer are not distinct. The corporate philosophy is that all three are inextricably linked.

SAS employees work in an environment that fosters and encourages the integration of the company's business objectives with their personal needs. SAS is unique in that there are over 204 regular full-time employees whose primary function is to develop, support and deliver ongoing work/life and wellness programs.

The unique SAS balance programs include:

- ◆ A full-time, on-site Work/Life program staff of 7 on-site SAS professionals whose sole responsibility is to create and provide dynamic, tailored work/life and wellness programs including case management, individual consultations, support groups, listservs, lending libraries, peer mentoring networks, work/life seminars (nearly 6,000 employees & family members participated last year), webcast seminars (over 1,500 employees viewed the 23 webcast seminars last year). They often employ low cost/no cost solutions, such as partnering with community organizations, generating original curriculum and streamlining access to existing national and community resources through listservs, websites and resource sheets.
- ◆ Fully paid comprehensive health insurance for all full-time employees with minimal cost for part-time and low-cost for all dependents.
- ◆ An on-site health care center with over 50 member staff (no cost to employees and their covered dependents)
- ◆ Free on-site recreation and fitness center with 20 member staff (no cost to employees, family, domestic partners), paid fitness center memberships for regional office employees.
- ◆ Two on-site SAS childcare centers and two nearby Bright Horizons Child Care centers for over 700 SAS children under 5 years. Childcare subsidies for regional office employees.
- ◆ Company-subsidized cafes with piano players, high chairs for children and take-out food.
- ◆ On-site, year-round formal elder care, teen/college, special needs, adoption, mature workforce, financial planning, divorce and separation, pre-natal, and camp support networks and programs.

SAS Institute (continued)

- ◆ On-site convenience services, including hair salon, massage therapy, car detailing, dry cleaning and alteration, and income tax services.
- ◆ Employee Assistance Plan services (contracted)
- ◆ Retiree health plan & pre-retirement planning networks with over 600 members.

SAS also focuses on providing challenging work and flexible work schedules. Throughout its 28-year history, SAS has reinvested at least 25 percent of its revenues back into research and development, allowing its employees to work on the cutting-edge of technology. Comprehensive employee-friendly benefits and excellent work environments contribute to the satisfaction of employees. Employees know they are working for a company that is committed to their long-term success and they, in turn, are committed to the long-term success of the company.

Results: SAS annual revenues rose from \$138,000 in 1976 to \$1.34 billion in 2003.

SAS reaps the rewards of employee loyalty and the benefits of the most talented minds in the software business. SAS has one of the lowest turnover rates in the software industry, never higher than 5 percent annually. *Harvard Business Review* calculated that SAS's low turnover saves them \$75 million annually.

Recognition: SAS has been included in the *Working Mother* Magazine list of the "100 Best Companies for Working Mothers" 13 times. SAS was again recognized in *Fortune* Magazine's annual list of the "100 Best Companies to Work For"--SAS ranked No. 8 this year; the company has been among the top 20 companies, and six times among the top 10, all seven years that the list has been published. SAS was named one of the "Best Places to Work in IT" by *Computersworld* this year. SAS also was recognized by the Child Welfare League of America (CWLA) as a 2003 Corporate Friend of Children for its outstanding commitment to children, youth and families.

www.sas.com; Charles Fishman, "Moving Toward a Balanced Work Life", *Workforce*, March 2000, Vol. 79, No. 3.

Wachovia

Volunteerism and Community Involvement

Background: Wachovia Corporation, based in Charlotte, North Carolina, has found a way to offer their employees time for volunteering, while making tremendous contributions to their communities. Their Time Away From Work for Community Service policy enables Wachovia employees to take up to four hours of paid time each month—or six days each year—to volunteer in their community. Included in options for those four hours are opportunities to read at schools. Many employees with children use those hours to volunteer at their own child's school, allowing them to participate in the classroom and spend extra time with their children on a regular basis.

Results: In 2003, Wachovia Employees logged more than 500,000 hours of volunteer community service, read aloud to 100,000 children each week through partnerships with 5,427 classrooms, and read aloud to more than 540,000 children as part of the Reading First Celebration (a Wachovia program).

Recognition: *Working Mother* Magazine's "100 Best Companies for Working Mothers" – Top Ten, Best in Class and Best in Industry, 2003.

www.wachovia.com.

Non-Profit Sector

National Association of Insurance Commissioners

Infants in the Workplace

Background: In 1997, the National Association of Insurance Commissioners was facing a 30 percent turnover problem with employees being lured away by large salaries. CEO Cathy Weatherford decided to compete on quality because it was difficult to compete on finances. An innovative infants-in-the-workplace program was developed to allow babies up to six months of age to be brought to employees' offices. Components included liability releases, infant care plans, changing tables, and quiet rooms. (Although developed, no one has used the grievance procedures.)

The association also stresses quality of life through a four-day compressed workweek, flextime, telecommuting and job sharing, a sick leave pool to allow employees to donate unused sick days to colleagues, one day off for community service, emergency financial assistance, and zero interest computer loans.

Results: 44 infants have gone through the program. In the seven years since the quality of life benefits have been implemented, turnover in this organization of over 400 has plummeted to under 10 percent.

Recognition: 2003 Optimas Award for Competitive Advantage

www.naic.org; Maryann Hammers, "Babies Deliver a Loyal Workforce", *Workforce*, April 2003.

Government Sector

Section 359 of Public Law 106-346 requires federal agencies to establish policies that allow eligible employees to participate in telework to the maximum extent possible without diminishing performance. The U.S. Office of Personnel Management (OPM) surveys agencies annually to gauge progress in implementing this requirement.

In 1990, OPM and GSA issued a report summarizing the results of a pilot that tested the concept known as flexiplace in the federal government. The pilot concluded that flexiplace provided significant benefits to participants, worked well with employees who were proven performers and was ready for government-wide implementation. Since 1993, GSA has promoted flexiplace through establishment of telecenters in selected metropolitan areas that are equipped with technology and shared by employees of multiple agencies. OPM now refers to flexiplace as telecommuting.

U.S. Patent and Trademark Office

Telecommuting

Background: The U.S. Patent and Trademark Organization (USPTO) is a leader in telecommuting in the Federal Government. USPTO, in partnership with the National Treasury Employees Union, has been operating a [TW@H](#) program for trademark attorneys since 1997. The agency is currently expanding its telecommuting program to include 60% of its 250 current trademark attorneys.

The Trademark Office implements “hoteling” for its work-at-home workforce. Participants use reservation software and share offices located in a hoteling suite at the USPTO. Employees come to the office a minimum of 2 hours per week, reserving office space for their preferred time and day.

Results: Reported results show that the [TW@H](#) arrangement favorably impacts productivity and morale and contributes to retention of seasoned employees. All of its work-at-home examining attorneys work under the hoteling agreement, which has allowed the agency to give up office space, consolidate its trademark examining attorneys in one location, and save \$1.5 million a year in leasing costs.

Recognition: The program continues to enjoy widespread attention both inside and outside the agency. The USPTO received the Telework Coalition Award for the Trademark Work-at-Home Program. The International Telework Association & Council (ITAC) presented the 2001 Government Agency Excellence in Telework honor to the USPTO as one of its “Stars of Teleworking of 2001.” The agency also received the Commuter Connections Employer Recognition Award, and the “Telework Award” from the Metropolitan Washington Council of Governments.

Cautions: Technology and security issues may limit the use of telecommuting in some cases: the nearly 900 patent examiners taking advantage of USPTO’s telework program are limited to reviewing and preparing paperwork from home one day a week. Security remains a concern for patent applications, which are required by law to remain confidential for at least the first 18 months after filing. Bandwidth is also an issue. Patent examiners sort through voluminous patent records and scientific and technical databases worldwide, which create a significant bandwidth demand. Several work-at-home pilots for patent examiners have produced mixed results on accessing the full range of patent electronic search and examination tools from home. The USPTO continues to explore reliable high-speed and secure technology solutions to support broadening its work-at-home program for patent examiners.

www.uspto.gov; *U.S. Patent and Trademark Office Performance and Accountability Report, FY2003*; Patrick Thibodeau, “Feds Lag in Adopting Telecommuting Programs”, *Computersworld*, February 24, 2003.

Data demonstrate that federal agencies are expanding telecommuting practices. A recent OPM survey of seventy-four agencies with more than 1.7 million employees revealed that approximately 14 percent of eligible workers take advantage of the telecommuting option. From spring 2001 to fall 2003, the number of employees teleworking increased 93 percent. Interestingly, less than one-third of federal telecommuters live within the Washington, D.C. metropolitan area, despite its preponderance of federal employees.⁵⁵

NASA

Best Place to Work in the Federal Government

NASA was voted the Best Place to Work in the Federal Government in 2003 (see www.bestplacetowork.org). Using OPM's 2002 Human Capital Survey data, the Partnership for Public Service and the Institute for the Study of Public Policy Implementation ranked NASA the number one agency in the following categories:

- Employee skills/mission match
- Strategic management
- Teamwork
- Effective leadership
- Performance-based rewards and advancement
- Training and development
- Support for diversity
- Family-friendly culture and benefits
- Work/life balance.

www.nasa.gov.

⁵⁵ U.S. Office of Personnel Management, *The Status of Telework in the Federal Government*, 2004.

Academia

Ohio State University

Changing the System for Teachers and Administrators

Background: Ohio State University in Columbus has established a goal of being an “employer of choice” that attracts and retains talented faculty and staff. In 2001, the University’s Commission on Staff Development and Work/Life surveyed staff to assess experiences and perception of professional development and work/life issues. In 2003, the university conducted a faculty survey designed to identify what contributes to or detracts from employee satisfaction and what the university needs to do to help with balancing work/family issues and career development to improve retention. Retention is an area of concern for the university; in 2001, 20% of staff were considering leaving the university in the near future and more than half had considered leaving their current position for better opportunities within the university. In 2003, while 57% of faculty reported satisfaction with their ability to integrate work and life, more than 28% reported dissatisfaction. WFD Consulting assisted the university with these particular studies.

Results: Major findings are that professional development, career advancement, and work/life factors are strongly related to commitment and retention. Staff who reported strong levels of satisfaction with work/life support, career advancement, and professional development opportunities had commitment levels almost double those of employees who said they had low levels of support. Employee commitment also was statistically correlated to predicted retention rates. While flexible work schedules were the most valued work/life program offered, only about half of staff use them. The potential possible impacts of flexibility are not realized due to a combination of inconsistent application, lack of information, and limited offerings. Less than half of staff were even aware of other options such as compressed workweek or telecommuting. Faculty findings showed strong interest in programs, such as parental leave, assistance with spouse/partner placement, domestic partner benefits, and eldercare referral services.

As a result of the university’s studies, a work/life agenda was developed, a director of work/life was named, and an official parental leave policy was instituted. The office of human resources has used the results of this study to align its human resource strategic goals and develop the work/life agenda. Shari Mickey-Boggs is the Director of Work/Life and will be adding a part-time work/life specialist in the coming months.

www.womensplace.osu.edu; Carol Kleiman, “Change, Not Coping, is Academic’s Goal”, *Knight Ridder/Tribune Business News*, March 14, 2004.

Legal Profession

Women's Bar Association of Massachusetts

Institutional Barriers to Part-time Employment in Massachusetts Law Firms

Background: In 2000, the Women's Bar Association of Massachusetts questioned why the increase in women entering into the legal profession over the past twenty five years has not brought about a corresponding increase in women at the partnership level. They conducted a study to gather quantitative and qualitative data from large, mid-sized, and small law firms, attorneys with a reduced hours arrangement, and attorneys who left their firm because of the firm's part-time policies and practices.

Findings included:

- While women constituted approximately 28% of all attorneys at respondent firms, they constituted about 40% of all attorneys leaving the firms.
- In a two-year period, the attrition rates were twice as high for part-time female attorneys as for full-time male attorneys. Part-time workers who left cited: dissatisfaction with the lack of institutional support for reduced hours arrangements, deterioration of professional relationships, and adverse career consequences.
- Almost 40% of all full- and part-time respondents who left their firm in this period reported that their firm's policies toward reduced hours arrangements affected their decision to leave.
- Over one third of respondents reported that they believed that reduced hours schedules are detrimental to one's career.
- 43% reported that their substantive work assignments had been affected as a result of their reduced hours arrangement, and more than 1/4 felt that their skills or they as professionals were devalued after they began reduced hours schedules.

Results: In their report, the Women's Bar Association of Massachusetts states that the message from this study is "what you *say* is not as important as what you do- and *how* you do it...Implementation efforts and changes in attitude and firm culture are at least as important as the policies."

www.womensbar.org; Women's Bar Association of Massachusetts, *More than Part-Time: The Effect of Reduced-Hours Arrangements on the Retention, Recruitment, and Success of Women Attorneys in Law Firms*, 2000.

3. Analysis and Recommendations

As 21st century organizations respond to the needs of their 21st century employees, it is necessary to have a better understanding of the financial benefits of family-friendly policies. For that reason, this section of the report examines the correlations between an employer's family-friendly investment and an employee's return in productivity and retention. In addition, this section helps to identify best practices that provide benefit for both the employer and the employee.

3.1 Summary of Findings

- 1) **Workplace practices that include support for “family-friendly” benefits produce solid economic results, including higher profits, higher productivity, and lower attrition.**
- 2) **The key barriers to successful implementation and utilization of “family-friendly” policies are management and staff resistance, lack of training, and the employee's (often justified) fear of being marginalized. Conversely, there is a strong correlation between organizations that embrace a culture of family-friendly policies, and the overall productivity and loyalty of its employees.**
- 3) **The organizations that produce the greatest results in meeting the needs of the changing workforce tend to recognize and treat their human resources as capital**

investments and demonstrate an employee-focused philosophy through strong leadership, vision, strategic planning, and communication.

- 4) **There is a direct correlation between employees that have access to and take advantage of benefits deemed to be “family-friendly,” and their reported quality of life and job satisfaction.**
- 5) **There is an alarming disparity in the types of benefits offered to employees, depending upon their position and the size and function of their organization.**

Many organizations reviewed for this paper have been highly successful in adopting family-friendly practices and in recruiting and retaining a productive workforce. The 21st century brings a competitive labor marketplace, and family-friendly policies are a way to recruit and retain necessary talent. These findings demonstrate that—despite the challenges—corporations of all sizes, academia, and governmental and non-profit entities can adopt win-win solutions that deliver improved organizational results as well as enhanced quality of life for employees.

The following text supports the above-mentioned summary of findings.

1) Workplace practices that include support for “family-friendly” benefits produce solid economic results, including higher profits, higher productivity, and lower attrition.

- ◆ From the period of 1997 to 2003, the stock of the companies identified in *Fortune* Magazine's "100 Best Companies to Work for in America" list outperformed that of the Standard and Poor's 500 by over 430 percent.⁵⁶
- ◆ In a comparison of 174 companies tracked by the American Customer Satisfaction Index (which tracks customer satisfaction and establishes a link with stock value), Daniel Simon of Cornell University found that making the *Working Mother* list of the "Top 100 Companies to Work for" "increases customer satisfaction between one and five points." Simon concludes that the winning companies had harder-working employees who provided customers with better products and services.⁵⁷
- ◆ Watson Wyatt's 2002 Human Capital Index study reports that companies with the best human resources practices provided more than three times the total return to shareholders over companies with the weakest human resources practices. Highlighted in the report is that companies that support flexible work arrangements such as flextime, telecommuting, and job sharing have a 3.5 percent higher market value.⁵⁸
- ◆ Companies who are on *Fortune's* "100 Best Places to Work" list have half the

voluntary turnover rate than companies who are not on the list.⁵⁹

While there is room for improvement in consistency in data collection and analysis, the case has been made: adopting family-friendly practices makes good business sense. Family-friendly benefits, strong leadership, a family-friendly culture, vision, training and communication, lead to a satisfied employee, which, in turn, contributes to greater retention and morale, ultimately improving organizational results.

The figure on the following page depicts the relationship between family-friendly benefits offered and improved organizational results.

⁵⁶ Frank Russell Company, "Transforming Your Organization: Creating a Great Place to Work," delivered by Robert Levering, Building Trust Conference, Washington, D.C., April 14, 2004.

⁵⁷ www.worklifecongress.com/presentations/wmmSimon.ppt.

⁵⁸ Watson Wyatt, *2002 Human Capital Index Study*.

⁵⁹ Great Place to Work Institute.

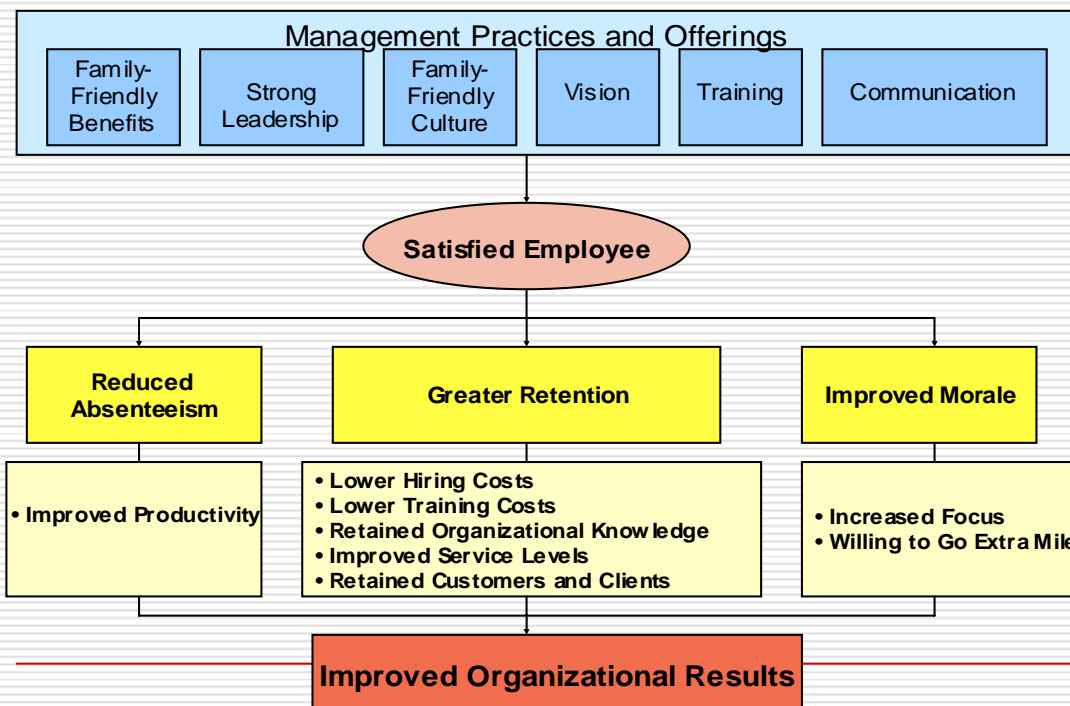


Figure 3: Employer Benefits from Best Practices

2) The key barriers to successful implementation and utilization of “family-friendly” policies are management and staff resistance, lack of training, and the employee’s (often justified) fear of being marginalized. Conversely, there is a strong correlation between organizations that embrace a culture of family-friendly policies, and the overall productivity and loyalty of its employees.

To do justice on an analysis of family-friendly benefits, it is important to go beyond the annual report and the slick brochure language to understand the horror stories of what can happen when employees attempt to take advantage of such benefits.

Despite the value of flexibility, in many organizations, there are still perceived risks to use flexibility as a viable option.

As exemplified in the Massachusetts Bar case study on part-time arrangements, a corporate culture must include a supportive senior manager as well as staff who do not marginalize employees who use family-friendly benefits.⁶⁰ Several female professionals interviewed for this study indicated that while their organizations tout and are recognized as

⁶⁰ Women’s Bar Association of Massachusetts, *More than Part-Time: The Effect of Reduced-Hours Arrangements on the Retention, Recruitment, and Success of Women Attorneys in Law Firms, 2000.*

“family-friendly”, the direct supervisor often has a significant impact on the ability to utilize available offerings, and experienced employees may be given demotions or reduced responsibilities due to a part-time status.⁶¹

- ◆ In Catalyst’s study of senior men and women in 20 European countries, 54% of women and 57% of men believed that using a flexible work arrangement would jeopardize their career advancement.⁶²
- ◆ Cohen and Single examined the perceived negative impact of flexible work arrangements and found employees using these benefits were judged to have a lower likelihood of advancing to partner or being requested on a future engagement, and a higher likelihood of being involuntarily counseled out or voluntarily leaving the firm.⁶³
- ◆ In a Society for Human Resource Management study, 40 percent of those employees surveyed agreed somewhat or strongly that using flexible schedules and taking time off for family reasons impedes job advancement.⁶⁴

In a study of graduates of five of the top ten law schools, Catalyst finds that both men and women feel that participating in

⁶¹ Personal interviews with employees from a Fortune 500 Company and Blue Cross/Blue Shield.

⁶² Catalyst, *Women in Leadership: A European Business Imperative*, 2002.

⁶³ Cohen and Single, 2001. “An examination of the perceived impact of flexible work arrangements on professional opportunities in public accounting.” *Journal of Business Ethics* 32 (4): 317-318.

⁶⁴ SHRM, *Work/Life Balance Toolkit*, June 2003.

flexible options adversely affects their career advancement:

- ◆ 73% of female associates and 75% of female associates have difficulty balancing work and personal life. Partners in law firms tell a similar story: 70% of women and 77% of men also have difficulty balancing work and personal life.
- ◆ Two-thirds of women, and half of men, who are working as in-house counsel chose their current employee based on work/life balance.
- ◆ Only 22% of law firm women and 9% of in-house counsel women do not believe using a flexible work arrangement will affect their advancement.⁶⁵

*Marriott International is an example of a company incorporating a leadership culture that contributes to the success of the programs. In addition to the broad menu of available benefits, the managers and supervisors are strongly encouraged to cooperate fully with associates in crafting job schedules and work plans that help all associates achieve a good balance between their professional and personal lives. This commitment is further shown by their leadership through the use of consultants to implement and measure work redesign options, a booklet entitled “Alternative Work Arrangements: A Guideline for Workplace Flexibility” distributed to help managers and their associates craft flexible work schedules, and the results of employee satisfaction surveys incorporated into managers’ compensation.*⁶⁶

⁶⁵ Catalyst, *Women in Law: Making the Case*, 2001.

⁶⁶ Marriott Corporation, *Alternative Work Arrangements: A Guideline for Workplace Flexibility*, and personal interview with Marriott employee.

3) The organizations that produce the greatest results in meeting the needs of the changing workforce tend to recognize and treat their human resources as capital investments and demonstrate an employee-focused philosophy through strong leadership, vision, strategic planning, and communication.

Successful organizations support family-friendly practices through actions, not just words. Case studies often point to senior management commitment and follow-through to match the needs of the individual, within the organization's constraints. An example follows.

*Deloitte & Touche LLP is currently launching an innovative program designed to attract and retain high-talent professionals who are compelled to "cycle" in and out of the workforce over the course of their careers. The new program, "Personal Pursuits," will allow participants to leave Deloitte to pursue personal goals, with the mutual expectation that they remain connected to the firm and intend to return within five years. The firm will provide participants with the education and training they will need to maintain their technical skills, stay abreast of their profession, and maintain their professional licenses. The program helps Deloitte maintain a pool of experienced talent that will be technically and professionally up-to-date when they are ready to return to the firm. (Note: participants in Personal Pursuits are no longer employees. They are people who have left the firm. They will receive only the benefits specified in the program.)*⁶⁷

4) There is a direct correlation between employees that have access to

⁶⁷ Personal interview with Deloitte and Touche employee.

and take advantage of benefits deemed to be "family-friendly," and their reported quality of life and job satisfaction.

Research demonstrates the relationship between an employee's job and his or her health.

- ◆ People who have little control over their work life have a 70% higher risk of dying from heart disease than those who can decide what they will do and when."⁶⁸
- ◆ Working parents with school-age children who work in inflexible workplaces and have children in unsupervised settings are 4.5 times more likely to report low psychological well-being than their counterparts with more workplace flexibility and better after-school options.⁶⁹
- ◆ In their attempt to negotiate work and family responsibilities, employed mothers lose almost one additional hour of sleep a night compared to mothers not in the labor force.⁷⁰

Job flexibility can improve an employee's quality of life. Results from "family-friendly" practices and benefits have been surfacing in various surveys over the past few years. These results are supporting the advantages of flexibility in the workplace.

- ◆ In a survey of its members, WorldWIT found that 61% of the

⁶⁸ Catalyst, *Business Case Fact Pack*.

⁶⁹ Karen Kornbluh, New America Foundation, Testimony before the U.S. Senate Subcommittee on Children and Families, April 22, 2004.

⁷⁰ Kornbluh, 2004.

respondents cited “flexible work schedules” as the most effective practice for lightening the load for working mothers.⁷¹

- ◆ Forty-three percent (43%) of workplaces reported that the main advantage of work/life balance is having happier staff.⁷²
- ◆ In a large study, respondents with access to a high degree of flexibility are less stressed. Of employees that reported that they have “a great deal of stress and pressure at work”,
 - Only 12% were people with high flexibility
 - 21.2% were people with moderate flexibility
 - 47.6% were people with low flexibility.⁷³
- ◆ At DuPont, employees who use or are aware of work/life programs are the least likely to feel overwhelmed or burned out.⁷⁴

The figure on the following page depicts the relationship between family-friendly benefits offered and employee satisfaction and quality of life.

⁷¹ WorldWIT, *WorldWIT's Working Moms' Mother's Day Wish List*, April 29, 2003.

⁷² *Work-Life Balance 2000 Baseline Survey*, Department for Education and Employment.

⁷³ Catalyst, *Business Case Fact Pack*.

⁷⁴ Dupont, *Employee Study on Work/Life Initiatives*, 1995.

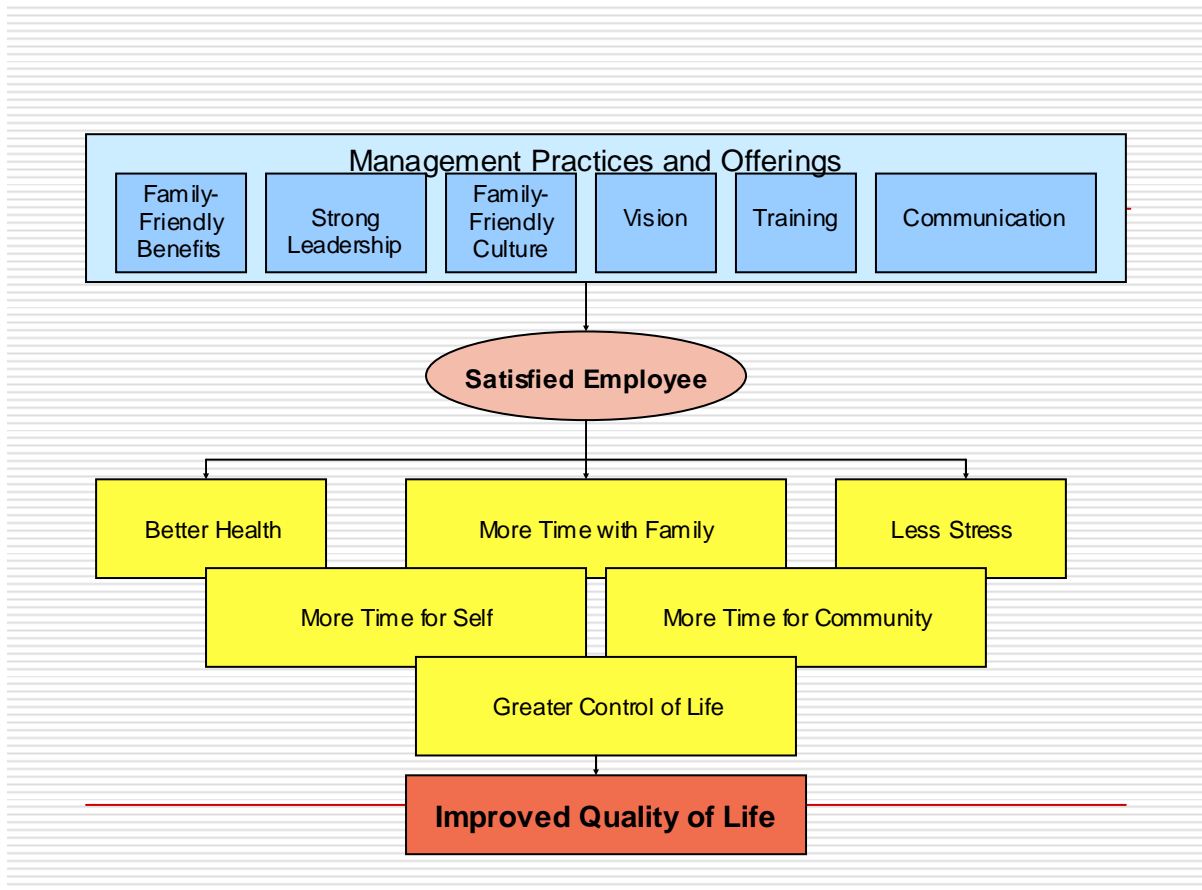


Figure 4: Employee Benefits from Best Practices

5) There is an alarming disparity in the types of benefits offered to employees, depending upon their position and the size and function of their organization.

Clearly, the nature of the workforce has changed over time. Employees are diverse, as are their needs. Many people desire flexibility, child or elder care, or time to pursue activities outside of work. Some organizations have realized the benefits of offering such family-friendly programs as reimbursement accounts, flextime, and telecommuting. However, some organizations are less progressive and still do not offer paid leave options

for their employees, let alone family-friendly benefits.

An analysis of benefits offered indicates variability based upon the type of industry, the size of the organization, and the senior management culture.

- ◆ The degree of family-friendly benefits offerings varies across industries. For example, the education, insurance, and high tech industries offer relatively high numbers of family-friendly benefits, while wholesale and retail offer relatively few benefits.⁷⁵

⁷⁵ SHRM/SHRM Foundation, June 2003.

- ◆ The degree of family-friendly benefits offerings also varies with organizational size. Larger companies are more likely to provide more flexible work options, but smaller companies are more likely to allow employees to bring a child to work in emergencies.⁷⁶ Employees of large organizations report the highest satisfaction with their benefits.⁷⁷

Not all employees have an opportunity to work at an organization that offers flexibility. To gain the life balance they seek, those who cobble together flexibility through part-time and nonstandard work see job security and hourly wages suffer. Regular part-time workers earn \$3.97 less per hour than regular full-time workers.⁷⁸

Nonstandard workers (e.g., part-time, temporary contract) may lose benefits as well. Only 14 percent of nonstandard workers receive health insurance benefits from their employers, compared to 69 percent of their counterparts working full-time in standard work arrangements. Sixteen percent (16%) of nonstandard workers receive pension benefits through their employer, in comparison with 66 percent of regular full-time workers. Of part-time workers specifically, nearly 24 percent have no health insurance at all and just over 1 in 5 receive a pension from their employer.⁷⁹

It is interesting to note that the companies with women executives impact the provision of work-life assistance.

- ◆ Eight two percent (82%) of organizations with women in half or more of their top positions provide

traditional flextime, compared with 56% of companies with no women in top positions.

- ◆ Nineteen percent (19%) of organizations with executive women provide on or near-site child care versus 3 % of male executives.
- ◆ Sixty percent (60%) of organizations with executive women provide dependent care assistance programs, versus 37% of male executives.
- ◆ Thirty three percent (33%) of executive women offer elder care resource and referral programs versus 14% of executive males.⁸⁰

3.2 The Equilibrium Benchmark

Following the research phase of this report, the authors began to develop a conceptual model to depict the range of management practices and benefits that can be offered to employees to impact quality of life for employees (work/life balance) and results for organizations. When needs of organization and employee are met simultaneously, one could assert that “equilibrium” is reached. “The Equilibrium Benchmark” refers to those activities that contribute to, or detract from, equilibrium.

In the case studies of this report, the degree of management support and range of family-friendly benefits have been shown to have a significant impact on employees as well as organizations. The conceptual model for the Equilibrium Benchmark (shown on the following page) depicts three levels of benefits and

⁷⁶ Ibid.

⁷⁷ SHRM/CNNfn, December 2003.

⁷⁸ Kornbluh, 2004.

⁷⁹ Ibid.

⁸⁰ Families and Work Institute, 1998.

management practices, and illustrates how they can impact both employers (retention/productivity/profitability) and employees (loyalty/commitment/quality of life/satisfaction). Essentially, it is the combination of a range of family-friendly

programs and an employee-oriented management style and culture that can lead to both higher productivity and enhanced quality of life.

The “Equilibrium Benchmark” Concept Defined

- ◆ “Baseline” offerings are presented as those requirements that meet basic needs of the employee. Management practices limit employee flexibility.
- ◆ “Preferred” offerings are beyond basic survival and contribute to work/life balance, and increased quality of life. Management support for flexibility increases.
- ◆ “Ultimate” benefit offerings are in addition to “family-friendly” offerings and emphasize flexibility, wellness, and time management benefits. Management practices clearly demonstrate employee-oriented culture. This combination of practices will yield the highest organizational results and the highest employee satisfaction: equilibrium.

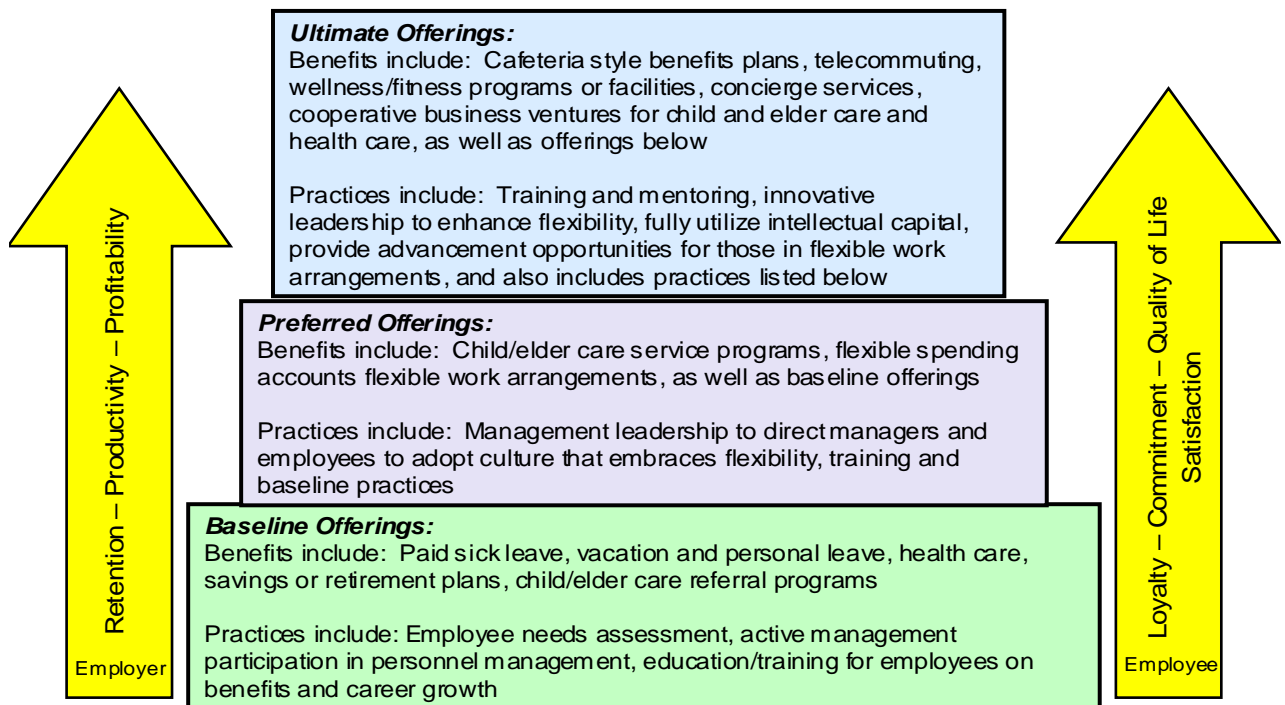


Figure 5: A Benchmark to Meet Needs of Organizations and Employees

Once refined, this conceptual model could be used as an objective tool to conduct comparative evaluations of the practices organizations should offer to attract and retain resources. This construct could be used by employees to gauge the offerings when seeking new employment and could also be used by employers to help establish and refine programs that best meet the needs of a changing workforce and economic conditions.

3.3 Recommendations

The following recommendations were developed as a result of the literature search, supplemental interviews, and extensive data analysis.

- **Develop a library of best family-friendly human resource management practices and trends so organizations can learn from one another.**

Literature searches indicate that some organizations are adapting to the needs of a changing workforce; however, to what extent do other organizations benefit from the experiences of successful organizations? Mechanisms could be developed to allow organizations to share insights or tools necessary to begin making broad institutional changes, or to communicate interest in forging cooperative partnerships to attain common goals. This could also include a methodology for tracking financial results.

- **Characterize the demographics and trends of a changing labor force, and assess implications for various organizations' policies and practices.**

Department of Labor projections indicate an aging workforce, and significant increases in women workers. Demographic data, if analyzed, can yield a wealth of information on gender, income, geography, and other factors that can contribute to a deeper understanding of the workforce and their needs. Such trends should be examined and their implications for benefits programs and hiring and retention strategies assessed. As organizations compete in the global economy as well as in the U.S., competitive health/retirement/ work/life packages will become increasingly important.

▪ **Develop an employer evaluation methodology to aid prospective employees in identifying family-friendly organizations.**

When an employee is a mismatch for an organization, it is a costly and time-consuming mistake for both the individual and the organization. Given that research indicates that successful organizations combine family-friendly benefits with a supportive culture, vision, training, and communication, job-seekers could benefit from using these key components to screen and compare their potential employers. Using the Equilibrium Benchmark in this report as a starting point, an evaluation methodology can be developed, tested, and disseminated. Thus, the enlightened job-seeker can make employment decisions armed with much more than Annual Report information.

▪ **Evaluate the “untapped resource potential” of women.**

Although women are entering the workforce and receiving advanced degrees in record numbers, some leave the workforce because they cannot find family-friendly organizations to fit their needs. This cohort of women represents a potentially untapped resource for the American labor force. Studies should be conducted and partnerships developed to characterize the lost intellectual capital from these types of women and to identify feasible strategies for bringing their expertise to organizations. A pilot project, such as a part-time job pool, could bring experienced women back into the workforce in some capacity. Matching the supply with the demand can lead to tremendous gains for all involved.

▪ **Develop training and pilot projects on financial literacy for women in the workforce.**

Many women today no longer rely solely on their spouse’s earnings and retirement plan. More women are relying on their own paycheck and investment strategies to see them through all phases of their lives. Twenty-four percent (24%) of women expect their jobs, rather than their husbands’ jobs, to provide their family’s long-term financial security, a jump from 9% of women who felt that way in 1981.⁸¹

It is not enough that a woman earn a sustainable wage, she must also be savvy in her spending and saving habits, as well as to know how to accumulate additional wealth through investing and homeownership. Forty-five percent (45%) of single women with children are homeowners.⁸² Although several excellent initiatives address the financial well being of college-aged women and women in the workplace, additional work should be done to enhance access to relevant information, and to raise awareness of homeownership opportunities, investment strategies, and available counseling. Additionally, a project could focus on educational standards and expanding programs to provide homeownership financing through non-traditional channels.

⁸¹ Families and Work Institute.

⁸² Federal Reserve Board.