

BOSTON COLLEGE

CENTER FOR WORK & FAMILY

E X E C U T I V E B R I E F I N G S E R I E S

In this Issue:

- How do different organizations frame the business case for work-life?
- What does research tell us that supports the business case for work-life?
- How can you develop a business case for work-life that is specific to your organization?

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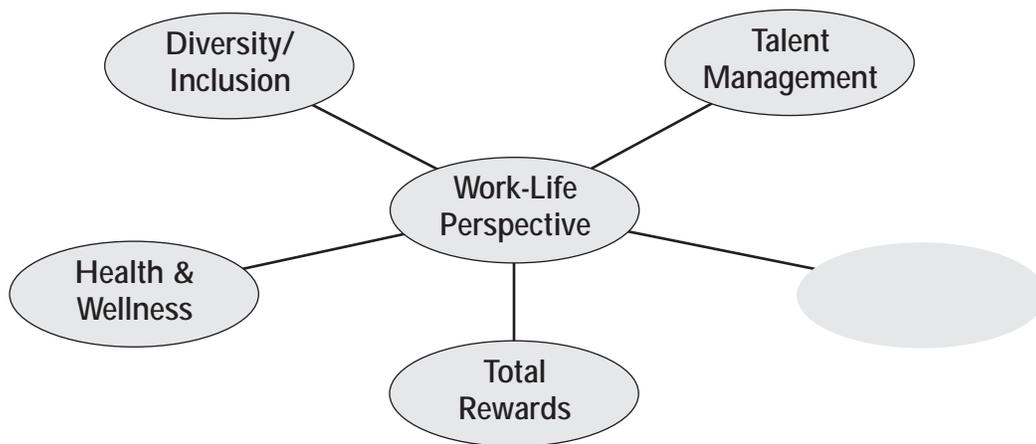
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FRAMING THE BUSINESS CASE FOR WORK-LIFE

It can be useful to frame a new work-life initiative in a way that links closely with one or more other important corporate initiatives. For example:

- If the customer base of an organization is becoming more diverse, companies often recognize the need to have a more diverse employee population to better serve customers. Many organizations align their work-life initiatives with their diversity and inclusion strategy.
- Many organizations see their work-life initiatives as a way to extend their employee health and wellness programs. For example, a health and wellness orientation could be associated with EAP, health promotion or medical programs and might emphasize the benefits of reducing employee stress and absenteeism.
- Other organizations link work-life initiatives to talent management and focus on hiring, developing and retaining the best talent.
- A comprehensive definition of corporate citizenship clearly includes how an employer treats its employees. Many work-life programs provide time for employees to give back to the community. In addition, there are clear environmental benefits of telecommuting programs or compressed work weeks, especially so in the context of rising energy costs.
- Work-life benefits are often an important component of a total rewards approach.



For example, **PricewaterhouseCoopers** focuses on the quality of life for employees, and has aligned its work-life strategy with its diversity and inclusion strategy. They believe this approach has significantly reduced turnover.

First Horizon National Corporation is focusing on “Ownership” (employees all act like owners of the company), “Teamwork” (working together to create value, one opportunity at a time), and “Inclusion” (managing inclusion of high performers; everyone has equal opportunity). Leaders work on developing a culture that shows employees are valuable.

GlaxoSmithKline’s approach is to make links from work-life initiatives to health and well-being to performance. They have made use of an internal study suggesting people with the least amount of stress feel best about their jobs and are more engaged. Internal GSK studies show that flexibility is a highly valued benefit.

Work-life strategies can support a variety of business initiatives, and often it makes sense to include a range of perspectives. In 1999 the business case at **AstraZeneca** was about recruiting and retaining top talent and total rewards strategy. The current business case is made by measuring employee engagement and productivity, and is tied to the culture of the organization and the diversity and inclusion strategy.

“Our industry is different now and we are facing different business challenges compared to 10 years ago. Now we are placing greater emphasis on work-life as a driver of engagement. The goal is to increase engagement [in order] to retain employees and maintain productivity while not losing your culture in a tough environment...”

- Andrea Moselle; Senior Manager, Work/Life;
AstraZeneca Pharmaceuticals

RESEARCH FINDINGS

There are many ways to organize findings from the myriad of business-case research studies that have been done in the work-life field. In order to build a business case, it is necessary to look at the benefits and costs of various work-life programs. These benefits are presented in the following chart and then in more detail below under headings that match the items in the chart.

Studies that support each of the benefits are included in the detailed sections.

The broad case for work-life programs includes: flextime, compressed work week, part-time work, job sharing, on/off ramps, teleworking, child and elder care, health and wellness.

Benefits	Costs
<p>To the company:</p> <ul style="list-style-type: none">• Improve financial performance and shareholder value• Improve ability to attract and retain talent• Improve productivity• Reduce costs <p>To the employee:</p> <ul style="list-style-type: none">• Improve employee satisfaction, engagement and commitment• Improve work-life effectiveness• Improve employee health and wellbeing <p>To society:</p> <ul style="list-style-type: none">• Help meet important social needs	<ul style="list-style-type: none">• Specific costs of individual programs (e.g. building an on-site child care center, or providing laptop computers to telecommuters)• Established trust between manager and employee• A commitment to performance/results-based management (although not a monetary cost, this is an important element that can require additional management effort)• Reduction in face time with employees (telecommuting, flextime)• Negative impact on employee career advancement

Improve financial performance and shareholder value

Work-life programs have been shown to affect financial performance and stock prices. For example, one study found that S&P firms emphasizing quality of work-life for employees had higher sales growth and return on asset growth over a 5 year period (Lau, 2000). In 2005, the Great Place to Work Institute reported that its "Best Companies to Work For" produced four times the gains when compared to two other indexes of the broad market (MarketWatch, 2005). More recent studies have shown that announcements of work-family programs improve share price (Arthur, 2003; Arthur et al, 2004; Edmans, 2007).

While there is evidence that work-life programs can achieve positive organizational and employee outcomes, the business case is stronger when these factors are tested in combination. In other words, work-life programs improve employee satisfaction, which in turn improves business results.

There are a number of factors that improve employee satisfaction, work-life programs being one of them. For example:

- Women are more satisfied with their jobs and are thus more likely to stay after having a child when they feel their organizations and supervisors are responsive to their work-family needs (Glass and Estes, 1997).
- Supervisor effectiveness is strongly associated with employee engagement and satisfaction. In addition, supervisor effectiveness is influenced strongly by sensitivity to such job conditions as schedule flexibility, autonomy and opportunities for development (James, Swanberg, & McKechnie, 2007).

Positive organizational outcomes of work-life programs are most likely achieved when employees are satisfied, committed, and feel taken care of by their firms. For example:

- A study of 5,500 employees from 100 organizations showed a direct link between employee satisfaction and a company's profit (Oakley, 2005).
- Companies with highly committed employees had a 112% return to shareholders over three years, compared to 90% for companies with average commitment, and 76% for companies with low commitment (Human Capital Index, 2000).

Improve ability to attract and retain talent

There have been a number of studies that have shown that work-life and work-family policies lead to higher employee retention rates (Johnson, 1995; Kossek et al, 1999; Valcour and Batt, 2003) which has translated into significant cost savings in employee turnover and thus a reduction in recruitment and training costs. For example:

- When employees are satisfied with stress levels and work-life balance, they are more inclined to stay with their companies (86% versus 64%) and more likely to recommend them as places to work (88% versus 55%). (Watson Wyatt, 2007).
- 75% of employees who experience a high level of supervisor support for managing work-life priorities are far more likely to remain with their companies in the subsequent year versus only 42% of those who experience low levels of support (Business and Professional Women's Foundation, 2006).

Improve productivity

A handful of studies have concluded that work-life benefits may influence overall firm productivity. A study by Meyer et al. (2001) found that specific work-life benefits such as sick time, telework and adoption assistance were found to be positive predictors of firm productivity. However, in this particular study, flex policies and job sharing had no significant impact on firm productivity. Another study found that work-life benefits lead to improved productivity particularly in firms where women and professionals represent a larger percentage of the workforce (Konrad and Mangel, 2000).

- A study on the impact of workplace flexibility conducted by the Center for Work & Family in 2000 found that 70% of managers and 87% of employees reported that working a flexible work arrangement had a positive or very positive impact on productivity (Pruchno et al, 2000).
- 7,000 employees at British Telecommunications work from home and have increased productivity by 31% (Hughes, 2007).
- Ernst & Young found that individuals' perceptions of their own flexibility are highly predictive of level of commitment, which in turn is highly predictive of revenue per person (Corporate Voices, 2005).

Reduce costs

Costs by their nature are specific to a particular business situation. There are several approaches to identifying cost

savings within an organization. For example, there may be savings in turnover and recruitment costs, unscheduled time-off, real estate costs, or healthcare costs. A large number of companies have reported cost savings due to their various work-life policies and programs.

- Deloitte estimates a savings of \$41.5 million in turnover costs alone, by retaining employees who would have left the firm if they did not have a flexible arrangement (Corporate Voices, 2005).
- Steelcase reports 55% lower medical claims for participants in their wellness program over 6 years (Work & Family Connection, 2005)
- A nine-year study of the corporate wellness program at Johnson & Johnson showed a savings of \$225 per employee per year in reduced hospital admissions, mental health visits and outpatient services (Work & Family Connection, 2005)
- An emergency back-up child-care program at KPMG had a 125% ROI within six months of implementation and a 521% ROI by the fourth year (Work & Family Connection, 2005)
- Flexible scheduling at Chubb reduced unscheduled time off by 50% each month and overtime by 40% per employee (WFC Resources, 2006)
- Telecommuting in particular has been shown by IBM, Sun Microsystems, JetBlue, ARO and Holland America to save millions in real estate and other expenses. A 1999 study by the International Telework Association and Council estimated savings of \$10,000 per employee based on a sample of 247 teleworkers and 1200 non-teleworkers. (WFC Resources, 2006)

Improve employee satisfaction, engagement and commitment

A number of studies have shown that work-life programs have a significant positive impact on employee satisfaction, engagement and commitment levels. One of the earlier studies by Johnson (1995) found that work-family programs were a positive predictor of high employee morale. More recent studies have suggested similar positive relationships.

- 67% of employees report high levels of job satisfaction in organizations with high levels of workplace flexibility, versus 23% in organizations with low levels of flexibility. (Galinsky et al, 2004)
- A national study of the relationship between work-life practices and employee loyalty found that flexible-time benefits are associated with increased loyalty for men and women at all life stages (Roehling, Roehling and Moen, 2001).

Improve work-life effectiveness

One of the main intentions of work-life policies and practices is to improve employees' effectiveness both at work and at home. Employees who have more access to flexible work arrangements are significantly more satisfied with their jobs, are more satisfied with their lives, and experience less interference between their jobs and family lives than those employees who have less access to flexible work arrangements (Families and Work Institute, 2002).

A survey of senior Fortune 500 male executives (Miller & Miller, 2005) had some surprising results.

- Fully 84% say they'd like job options that let them realize their professional aspirations while having more time for things outside of work.
- 55% say they're willing to sacrifice their income.
- Half say they wonder if the sacrifices they have made for their careers are worth it.
- In addition, 73% believe it's possible to restructure senior management jobs in ways that would both increase productivity and make more time available for life outside the office.
- 87% believe that companies that enable such changes will have a competitive advantage in attracting talent.
- Other interviews suggest that the younger a male executive is, the more likely he is to say he cares about all of this.

Improve Employee Health and Wellbeing

Stress is very costly to employers in productivity loss, illness, disability, medical expenses and healthcare dollars. A study by Marsh-Mercer HR Consulting in 2003 found that stress and depression were the highest-cost disability conditions for many survey respondents and 63% said they were seeing an increase in the frequency and cost of these conditions. According to information provided in 2002 by Chrysalis Performance Strategies, stress is responsible for 19% of absenteeism, 40% of turnover, 55% of EAP costs, 30% of short-term and long-term disability costs, and 60% of workplace accidents, and costs U.S. industry over \$300 billion per year.

- The Royal Bank of Montreal surveyed their users of flexible work arrangements (part-time work, job sharing, work at home or other modified work schedules) and found that 70% reported lower stress levels and 65% had more energy. (WFC Resources, 2006)

- A study by the University of Arkansas in 2001 found that working longer hours was not the cause of stress; rather it was how one worked, and the amount of flexibility, control and autonomy a worker was given. (Ganster, Fox, & Dwyer, 2001)
- WFD Consulting has done a study that demonstrates

“Our attempt is to get team members talking to each other to find the root causes of issues and empower them to solve the things that are within their control. We show managers the data related to the time lost and salary cost associated with ill health and the results of our internal studies suggesting the least stressed are the most satisfied with their jobs and are ultimately more engaged and committed. We share success stories and examples of how other teams have worked to increase their performance.”

– Annette Byrd, Work/Life Manager, GlaxoSmithKline

CONCLUSION

There is no simple formula for creating a business case for work-life. The various resources we have referenced can help to fill in some of the important parts of the analysis, but in the end, the most compelling case is one that is based on data that comes directly from the organization itself. This data may be available, but it may also be difficult to obtain and analyze. Nevertheless, if you maintain a focus on the business priorities of the organization and the ways that work-life programs can serve as strategic solutions for these priorities, we believe you will be on the right track.

“It’s important to remember that there’s no one single answer – I try to use the hook I can for the audience I’m attracting and hope 1 or 2 hooks will sync with them. We can’t rely on any one area to make the business case. Instead, we want to be able to touch as many areas we can to make it hard for them to say no.”

- Rolando Balli, Work/Life Strategist, Dell Inc.

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About this Series

Written for an executive level audience, the Boston College Center for Work & Family Executive Briefing Series addresses topical and strategic issues of particular relevance to the current business climate. The series highlights research findings, data trends and best practices in a concise format, aiming to foster action-oriented dialogue within organizations. Each issue features an accompanying PowerPoint presentation that captures key points and includes a section for practitioners to customize and add organization-specific data.

About the Center

Since its founding in 1990, The Boston College Center for Work & Family has been a national leader in helping organizations create effective workplaces that support and develop healthy and productive employees. The Center provides a bridge linking the academic community to the applied world of the work/life practitioner and has three main focus areas: research, membership, and education. The Center is committed to enhancing the quality of life of today’s workforce by providing leadership for the integration of work and life, an essential for business and community success.

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