

balance sheets

A series of information sheets for employers interested in helping employees balance their work, family, and personal responsibilities

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Xsheets™

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“Everything we believe about the importance of work/family policies is based on analysis, not emotion. Everything we do is done to increase our competitiveness and productivity.”

*Roger Mead,
CEO of Patagonia*

“To be successful, Fleet must be willing to employ a variety of traditional and non-traditional workplace solutions to meet the needs of our business and the well-being of our employees.”

*Terry Murray, Chairman & CEO,
Fleet Financial Group
The Radcliffe-Fleet Project Summary*

*The Hewlett-Packard Work/Life Vision:
“An environment that encourages employees and managers to work together to achieve common company objectives for business success, while creating opportunities for balancing work with other life activities.”*

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The Business Case for Work/Life

The Business Case for Work/Life encompasses the documented evidence that links employer responsiveness to work/life issues with positive organizational impact.

Overview:

In recent years, the question of the business case for work/life has become a hot one within the field as organizations are increasingly interested in the value of their efforts. While the research on this has been limited mainly to case-by-case company examples, there is a growing body of evidence that supports the notion that work/life responsiveness within organizations, especially when tied to issues of true organizational change, can be a win-win for the company and employees. The purpose of this Balance Sheet is to provide a synopsis of the research that ties work/life responsiveness to business outcomes. These data have been taken from a variety of sources, including published research and company reports. In the employer experiences section, we've pulled out specific examples of evaluation experiences from several organizations.

Research Study Highlights:

The Families and Work Institute's 1997 **National Study of the Changing Workforce** found that the quality of employee jobs and the supportiveness of workplaces are the most powerful predictors of job satisfaction, employee commitment, and retention.

In its research on workforce commitment, **AON Consulting** identified the following seven drivers of employee commitment: management recognition of personal/family life, work/life balance, organizational direction, job satisfaction, recognition and rewards, growth opportunities, and work environment. The first one, added in 1998 as a result of the research findings, was the strongest driver of workforce commitment.

In a study of 27,000 employees at 46 organizations, Professor **Linda Duxbury** of Carleton University found that having a supportive manager had significant positive implications in several areas, including job stress, job satisfaction, and employee commitment.

In the January 1998 **Fortune Magazine** Best Places to Work Survey, the magazine reported that 73% of the companies that made the Top 100 list had higher than average annual returns on investment.

A Contra Costa County (CA) Telecommuting and Family Impacts Study found that employees reported an average productivity increase of 21.2% when they began telecommuting. Productivity gains were attributed to fewer distractions and interruptions and to the substitution of work time for commute time.

A 1998 survey at **Intracorp** revealed that 94% of employees say that work/life benefits are as important to them as health insurance. Seventy-one percent of employees who said they had supportive managers were satisfied with their jobs, compared to 47% of employees with non-supportive managers.

A 1995 study by **Grover and Crooker** on corporate family policies found that employees with access to family responsive policies were significantly less likely to intend to leave the organization.

EMPLOYER EXPERIENCES

Two of the earliest measurement studies of work/life were conducted at **Fel-Pro** and **Johnson and Johnson**. At Fel-Pro (1992), a strong relationship was found between work/family benefits and employee involvement in change efforts, with users of these programs submitting twice as many suggestions for business improvement. At Johnson & Johnson (1993), employees who took advantage of the company's work/life programs and policies had lower absenteeism rates. These workers also reported that the benefits were "very important" in their decision to stay with the company, and a majority of these employees would recommend the company to others as a good place to work.

Several findings related to the business case have come from the Ford Foundation project on work design and work/family conducted at three companies from 1993-1996. At **Xerox**, work teams were able to set their own schedules and take responsibility for meeting performance goals. The positive outcomes associated with this were increased productivity, reduced absenteeism, and higher customer satisfaction rates.

First Tennessee Bank has evaluated several dimensions of its family responsive policies, and found that employee rating of "supportive" managers increased from 55% to 75% after the implementation of mandatory work/family conflict resolution training, and that employees who rate their boss as supportive stay with the bank 50% longer than those who don't.

On another dimension, the bank estimated that 85% of full-time employees who were prepared to quit stayed with the company after the introduction of part-time benefits.

In a 1995 study at **Dupont Corporation**, the company found that employees who use or are aware of work/life programs are the most committed and the least likely to feel overwhelmed or burned out. The study showed that employees who use work/life programs are 45% more likely to "go the extra mile" for the company than those who don't use such services.

Marriott Corporation estimates a 5:1 return on investment for its associates resource line that provides counselor assistance to employees on a range of issues. Most of the savings resulted from reduced turnover, which dropped from 100% to 70% in the programs during the first year.

Merrill Lynch has found a number of "payoffs" from the implementation of its telecommuting program in 1996. These include increased productivity, reduced turnover, and lower overhead allocations for space costs.

Turnover at **Ernst & Young** dropped four percentage points after the addition of an "Office of Retention" in 1997. Several work/life changes have been initiated as a result, including travel limitations, additional family activities and casual dress.

Prudential Corporation reports that its \$1.4 million investment in LifeWorks has resulted in a \$6 million savings in enhanced attraction and retention efforts. The company also expects that its back-up child care center in New Jersey will save the company \$80,000.

In a pilot research study with **Fleet Financial**, the Radcliffe Public Policy Institute found several linkages between work/life issues and work redesign. With employees providing suggestions to improve the way work is done, the experimental group showed a number of positive results in just three months. At both sites taking part in the study, significant improvements were found in both work-related outcomes, including turnover and productivity, as well as home-related outcomes, including quality time with family, stress and improved sleeping patterns.

Pacific Care of California estimated that it saved nearly \$53,000 in 1994 by having onsite lactation facilities equipped with electronic pumps, counseling and nurses. Savings resulted for reduced turnover, absenteeism, and health care costs, which more than offset the \$12,000 it cost to run the program.

A 1997 **Sears** Study links employee satisfaction and customer retention. Working with the University of Michigan, the company found that a five-point increase in employee satisfaction would result in a predictable improvement in customer satisfaction of two points and subsequent revenue growth in the following quarter of 1.6%.

The **General Services Administration** has opened 11 telecommuting satellite centers that have increased productivity 15-25% and cut 6,000 miles out of employee commuting.

American Bankers has found that turnover for employees with children in the company's satellite public school on its corporate campus is just 5%, compared to the 14% company average.

In a 1997 survey at **Hoechst Celanese**, 60% of employees felt that the ability to balance work and personal life was of "great importance" in deciding to remain with the company. Flexible hours, especially on a daily basis, was deemed most valuable. For 80% of managers, work/life initiatives have a positive impact on the company.

Aetna Life & Casualty cut the rate of resignations among new mothers by extending its unpaid parental leave to six months, saving the company an estimated \$2 million in 1991 in reduced hiring and training expenses.

In 1992, employees at **IBM** rated work/life balance as the sixth of sixteen factors in their decisions to remain at the company; top performers at the company rated gave work/life balance a #2 rating.

THE BUSINESS CASE FOR WORK/LIFE: USEFUL RESOURCES

Research Studies

The 1998 Business Work-Life Study: A Sourcebook
Families and Work Institute, 212-465-2044

Creating High Performance Organizations: The Bottom Line Value of Work/Life Strategies
Minnesota Center for Corporate Responsibility, 651-962-4120

The Metrics Manual: Ten Approaches to Measuring Work/Life Initiatives, 1998
Boston College Center for Work and Family, 617-552-2844

National Study of the Changing Workforce, 1997
Families and Work Institute, 212-465-2044

The Radcliffe/Fleet Project, 1998
Radcliffe Public Policy Institute, 617-496-3478

Relinking Life and Work Toward a Better Future, 1996
The Ford Foundation, 212-573-5169

A Meta-Analysis and Utility Analysis of the Relationship Between Core Gallup Workplace Audit Employee Perceptions and Business Outcomes
The Gallup Organization, 609-924-9600

Work and Life Strategic Initiative
Baxter Healthcare Corporation, 847-869-2466

Journal/Magazine Articles

The Bottom-Line Benefits of Being a Work-Life Leader
Choral Brown and Hope Wintner
Solutions, March 1997

Bottom Line Benefits of Work/Life Programs
HR Focus, July 1997

The Bottom Line on Work-Family Programs
Working Woman, July-August 1996

The Business Case for Work-Family Programs
Arlene A. Johnson
Journal of Accountancy, August 1995

Calculating the Cost of Work/Life Turnover
Workforce Magazine, March 1997 (supplement)

Four Methods for Proving the Value of Work/Life Interventions
Sharon A. Lobel and Leslie Faught
Compensation and Benefits Review, Nov/Dec 1996

Special Report on Work/Life Issues
HR Focus, August 1998

Work-Life Programs Reap Business Benefits
Michelle Neely Martinez
HR Magazine, June 1997