

The Challenge at Hand: Balancing Work and Family: What Makes “The Best Places” different?

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Introduction

The front page of a recent *New York Times* featured an [article](#) entitled *At I.B.M., A Vacation Anytime, or Maybe None*. The piece described an extremely flexible workplace, where employees come and go as they please, and are trusted to get their work done on time. Employees work from home, take time off without much notice, but are closely held accountable for delivering high quality work on time.

Many of us in the professional class recognized ourselves in this story. A key enabler of this phenomenon is, of course, internet technology that has allowed a 24/7 virtual workplace to redefine the concepts of *workday* and *workplace*. No longer tied to specific physical locations nor fixed work schedules, people are spending more time switching back and forth from work to non-work activities and multi-tasking as never before.

While evidence is scarce, these flexible workplace practices appear to be far more common among higher income, white collar, salaried workers than among those in hourly jobs.¹ Some of these differences stem from the nature of the work. A programmer with a long running project faces a different set of constraints than a cashier in a retail setting. The latter can never work from home, while the former can theoretically complete his work anytime from anyplace. But does that mean workplace flexibility and a greater opportunity to balance work and family should be unavailable to the cashier, the hotel maid, and the food prep worker, and others?

We think not and we believe that today’s employers would benefit from incorporating the ideas that we will discuss in this brief.

As noted in Hartmann et al (2007), in two-thirds of families with children, both parents work, and a child today is just as likely to live with a working father as with a working

¹ A 2006 study by the Families and Work Institute compared access to flexible workplace practices by workers’ wage level. On their index of overall workplace flexibility, low-wage workers were twice as likely to score “low” compared to high-wage workers (38% vs. 19%), and one-third as likely to score high (10% vs. 30%).

mother. According to the US Department of Labor, the majority of women work outside the home and 62% of women with children under six participate in the workforce. For these working mothers and fathers, achieving a work-family balance can be daunting.

In the pages that follow, we provide the rationale for achieving this balance. We then discuss the history and evolution of these issues. This background material then sets the stage for us to present a broad set of ideas and practices currently under discussion or in play by actual employers. We conclude by placing work/family ideas solidly within a high-road strategy that we believe will help quality employers prevail in today's highly competitive economy.

The Rationale for Balancing Work and Family

As business and management better understand the relationship between the behavior of employees and the financial performance of organizations, human capital has become a more recognized as a significant competitive advantage. Human assets are now managed like any corporate asset. Especially since employees have greater mobility, organizations need to create a 'people' strategy that supports and sustains their business plans – and retains employees.

After struggling with ways to downsize the workforce in response to economic downturns, employers now express concerns about being able to find and keep the workers they need for the wages they are willing to pay. On the labor supply side, current research suggests that at any given time, over 40% of employees would like to change jobs within two years. Employees are demanding the opportunity to give their families at least as much attention as their careers. In such a climate, companies must isolate the most effective drivers of retention and develop strategies to attract and retain talent over the long term.

When businesses hire, families and their home-life headaches are taken on as part of the package – a fact of life in the era of the two-career family. Companies that help their employees maintain manageable work/life balance benefit from an improvement in recruitment and retention. There is a decrease in absenteeism and tardiness, and productivity and worker satisfaction are increased.

In the SHRM 2007 Job Satisfaction Survey Report, 53% of employees surveyed ranked balancing work/life issues as #3 (after compensation and job security) in importance for job satisfaction. The changing demographics in the US, which include a larger Generation Y group with its reputation for high employment expectations, certainly affect this statistic. The continued increased numbers of women, and particularly single heads of household, also affect this increase. This is particularly evident in the finance, education and professional services industries where keeping highly educated women in the workforce requires flexible practices.

Corporations that look at the whole person and understand that helping parents maintain a sustainable work/family balance are making an investment in the quality of their workforce and the ability to retain the talent they need.

History

Looking back over the decades, we can see that there has been modest improvement in addressing workplace issues in public policy and employer practices. From the 1920s through the Second World War, employers started to offer pensions and paid vacation as well as healthcare benefits. With unionization and a stronger economy beginning in 1950, medical care, pensions, sick time, paid vacation and disability insurance became more standard and the need to improve employee retention and productivity resulted in more emphasis on benefits. In the 1980's, we saw a huge increase in women in the workforce and, as a result, family-friendly benefits, such as maternity leave, family leave and help with childcare, were demanded by the worker.

With the influx of computers and telecommunication into society, companies were able to introduce flexible work arrangements including flexible scheduling, telecommuting, and job sharing as options for their workforce. Some workers were able to customize their work to suit their family/lifestyle choices.

As employers strive to be more competitive in their offerings to attract and retain employees, and broader trends such as an aging population, increased government mandates and involvement continue to evolve, companies will respond with varied solutions and approaches. The goals, however, will be the same – retain the best talent, keep employees engaged and productive and, of course, keep costs manageable.

Work/Family Balance Around the World

How, in actual practice, are these policy's implemented, both here in America and abroad? There are two basic implementation approaches associated with balancing work and family. One is through government mandate and the other is through employer choice. Gray areas do exist between these two approaches. Government can provide incentives, say through the tax system, to encourage employers to undertake such plans. For example, employers ability to exclude contributions to their employees' health care from taxable payroll creates a huge incentive for employer-provided health coverage, a very important benefit for many families (though one that is clearly eroding). Also, there are hybrids, like the "soft-touch" rule in the United Kingdom, which mandates that workers with care-giving responsibilities can request a flexible schedule change (e.g., variable hours, working from home, hours reduction) that employers must, by law, seriously consider. They do not, however, have to approve the change.

We will spend less time on government mandates and more time on ideas that employers can implement themselves, without official policy intervention. Our choice is not based on any ideological objection to such rules as much as expediency. The political process is long and unwieldy, whereas willing, creative employers can adapt good ideas whenever and wherever they see fit.

We will, however, in the interest of completeness say a few words about these policies in practice. In general, Europe and Scandinavia are far ahead of the US in regards to work/family policy. Regarding time spent at work, [Gornick et al](#) (2007) point out that statutory work hours are greater in the US while we mandate far less vacation/paid leave time. Their Table 3, for example, reveals mandatory vacation plus public holidays ranging from 36 days in Sweden and France, to 25 days in Japan, to 10 days in the US.

The European Council, a group formed of European heads of states that often sets non-binding but highly influential policy goals and standards for the members of the European Union, has long promoted work/family balance. The EC has stressed universal childcare for children until they reach school age, parental leave, flexible work hours, and financial allowances, including maternity benefits and child allowances.

Some countries are farther along than others in implementing these goals. Scandinavian countries tend to have universal, publicly subsidized child care, and unsurprisingly, more mothers in these countries participate in the paid labor market. In Spain and the UK, parental leave is unpaid (as in the US, through the Family and Medical Leave Act), but in other EU countries, leave is paid in relation to wages.

Many of these ideas require large changes in national work policy, changes that are far outside the scope of any one employer. Employers who favor them may certainly lobby for such changes. The support or opposition of employer organizations will likely play a critical role in such debates. But for an employer who seeks to deal with the challenges of recruitment and retention today, waiting for such changes to occur is not a viable strategy. With that constraint in mind, we turn to practical ideas that can be implemented today.

Ideas you can use

As the costs of health care and retirement benefits continue to grow rapidly, work/life balance benefits are a relatively low-cost option in the employee benefit package. Yet, they have great perceived value because they affect the quality of life directly for the employee. What are some of the most valued work/family benefits that you can offer your employees?

Leave time

One of the most valued work/family benefits is leave time. *Time off with pay banks* that combine sick, vacation and holiday pay into a bank so that individuals can use their earned time off with more flexibility are welcomed by workers and even finding their way into union contracts. In addition, paid maternity and paternity leave, a norm in Europe, is appearing more frequently in benefit packages as is paid adoption leave and adoption benefits. This trend is an outgrowth of demand for domestic partner benefits and the increased number of gay couples who are choosing to be parents. Companies are recognizing that they need to reflect their workforce and their customers and make their employee proposition fit the diversity of backgrounds and lifestyles that increasingly make up their employee base.

Cooperative Job Sharing

As noted in the introduction, a challenge in the world of hourly work is how to map the flex model onto the hourly workforce, given that much hourly work requires face time. One answer is cooperative job sharing.

Under this model, a small group of workers (but not too small—the pool of workers needs to be large enough to generate a substantial set of hours and shifts to share) is given a block of hours during which one of them must be at work. It is up to them, however, to arrange which person is on the job at a given time. Ideally, they would set their schedule in advance so their employer knows who to expect to be on the job, but the core benefit of this arrangement is giving the employees the independent flexibility to react to unexpected events. For example, a parent with a sick child or child care snafu may need to quickly tap another member of the “co-op” to cover for her. On the other hand, a worker who is also in school can plan ahead if a tough exam is coming, and she could work out a substitute with another member of her group in advance.

As noted, the co-op has to be large enough to create a viable pool of available hours. One idea, particularly useful in part-time settings, is to have one (rotating) member of the co-op as essentially “on-call.” They are not on the work schedule that day or week, for example, but they are available to jump in and cover if tapped. Employers may initially set up these co-ops by forming the groups, then assigning new employees to a group. But after that, the message is clear that it is up to the group, without employer input, to arrange coverage as seamlessly as possible.

A variation of this idea is “on-line scheduling” where employees log onto a website created for this purpose by the firm, and arrange preferred hours and swap shifts when necessary. According to Levin-Epstein (2007), Jet Blue and J.C. Penney “are among the firms using electronic ‘kiosk’ scheduling.”

Childcare Assistance

Though we do not have statistical evidence, anecdotal evidence convinces us that one of the most common reasons for work schedule disruptions is related to child care arrangements. Especially for single parents, a “hiccup” in childcare arrangements sends disruptive ripples through the whole day. Predictably, these childcare problems are costly to employers. A late 1990s study found such costs to be \$3 billion, and surely these costs have risen markedly since then.

Yet, according to the Bureau of Labor Statistics, only 15 percent of workers have access to some form of childcare assistance, and only 3 percent benefit from employer-provided funds.² Five percent provide on- or off-site childcare services, but the most common intervention by employers here is resource and referral (11%).

² See <http://www.bls.gov/ncs/ebs/sp/ebsm0006.pdf>, Table 23.

The BLS data also reveal that categories of work more associated with the hourly workforce are typically less likely to receive these benefits. For example, while 20% of management and professional workers receive childcare referral services, only 5% of service workers do. For full-time workers, it's 12%; for part-timers, 6% (granted, part-timers often need less childcare than full-timers). Lower wage workers—those earning less than \$15/hour, are also less likely to receive these services.

Government has a role to play here and childcare initiatives, including subsidies for low-income working families, have turned out to be an important tool of the welfare reform policy changes in the 1990s, closely associated with better work outcomes. However, the system is known to be highly under-funded, and only a relatively small minority (less than 20%) of eligible families receive the subsidy.

So employers may want to play a role here as well. While contributing to childcare may be beyond some employers' means, especially smaller firms with fewer resources, childcare resource and referral services strike us a useful and underutilized resource. First, employers may have the resources and reach to increase the pool of available childcare venues, and they can ensure that this pool is high-quality, based on a clear set of standards. Second, there are potential scheduling and coordination advantages when workers in the same firm use the same childcare settings, as they can help each other with pickups and drop-offs at crunch times.

“Flex in the City”

The innovative mayor of Houston, Bill White, along with various state legislatures (including New Jersey, Hawaii, Washington, California, and North Carolina) have recently introduced ideas to ease traffic congestion and raise flexible scheduling options. Some of these options, such as telecommuting, will be less applicable in hourly settings where face time is essential. But here too, staggering shifts to avoid rush hour can save time, ease congestion, reduce stress, and be pro-environment as well.

As described by [Lyons](#) (2006), the Houston initiative involved a collaborative effort between city government and employers to identify flexible scheduling options that worked for both employers and employees. Alternative scheduling ideas have thus far included compressed work weeks (longer daily hours in exchange for a four-day week) and flexible starting and quitting hours. This latter idea involves the designation of core hours wherein employees must be present but offers flexibility outside of the core. Again, in face time jobs, this needs to be centrally coordinated so critical functions are delivered in a timely manner.

Sick Leave

While 57% of workers receive paid sick leave, much like the childcare statistics noted above, such workers are less likely to be part-time, low-wage, and in the lower end services. For example, twice the share of managers compared to service workers receives this benefit (80% vs. 40%). For part-time versus full-time workers, the difference is even

greater: full-time workers are three-times more likely to receive the benefit (68% vs. 23%).

Some legislative initiatives have taken this issue on. San Francisco voters passed a referendum ensuring up to nine paid sick days, and the Healthy Families Act, pending in Congress, guarantees seven sick days per year for most full-time workers (Levin-Epstein, 2007).

Analysis by the Center for Law and Social Policy points to the importance of paid sick leave in jobs that involve customer contact. An underappreciated issue here involves the negative externalities, in terms of contagion, of not offering paid sick leave. Work/family specialist Vicky Lovell (2005) notes,

“Many workers who currently have no paid sick days have the most frequent exposure to the public: workers in food service, nursing homes, child care centers, and retail clerks. We will all be healthier, and workplaces will be more productive and efficient, when workers gain the basic right to time to maintain our society’s health.”

Paid leave is, of course, a cost for employers and those operating with tight margins may view this as a worthy but unaffordable cause. While this may be the case in certain settings, in our conclusion we discuss ways in which such policies may raise labor costs but not unit costs. That is, their costs are offset by reduced turnover, fewer vacancies, and greater retention and productivity.

There is also a strong case here for government intervention. Firms who want to “do the right thing” in this area by offering paid sick leave may view themselves at a comparative disadvantage to firms that do not offer such leave. By passing laws such as the Healthy Families Act noted above, all firms face the same standardized playing field, precluding the disadvantage to the firm willing to provide the benefit.

Best Practices Examples

When companies put together the right assortment of programs to foster an environment of flexibility and family balance, it pays off for both employer and employee. The MITRE Corporation, an independent, not-for-profit corporation engaged in scientific and technical activities for various government organizations, has been named to Fortune magazine's list of the 100 best companies and in terms of work/life balance has outscored the average rating of the 100 best in this area. One of the programs that employees identify as being most important to them is MITRE’s leave sharing program. Vice-presidents started the bank with their unused time-off for employees to tap when faced with hardship situations and the employee's own leave time was exhausted. All employees can contribute time to this bank and apply for paid leave from the pool of hours available. Andrina Buffong, MITRE’s Manager of Diversity and Work/Life Programs, noted that employees often mention how grateful they are for this benefit when faced with a family emergency.

MITRE also has an excellent “tele-work” policy under which an employee can work formally or informally at home occasionally or regularly, with supervisory permission.

Of course, certain jobs require that the employee be in the office but, where possible, they can take advantage of this. MITRE has a turnover rate of 4-5% and a great rehire rate as well. The programs described and others for employees and their families, including on-site dry-cleaning, haircuts and car detailing, all add up to a workplace that lets employees know they are valued and gives them the flexibility to give their best to both their jobs and their families.

The McDonald's Corporation in the UK has introduced a program called "Family Contract." Under the program, when members of the same family work in the same restaurant, they can cover each other's shifts. Management does not require advance notice of such shift substitutions. It is not clear to us why such a contract could not be extended beyond families, as in our cooperative job sharing idea discussed above.

McDonald's UK offers other flexible practices as well, including advance choice of shifts, published schedules 10 days in advance, the ability for parents of school-age children to request shifts during school, and a part-time scheme for management. This last idea has the potential to boost career mobility for women, who are disproportionately part-timers.

To learn more about the best practices that companies have embraced, see the recent list of the Working Mother Magazine's 100 Best Companies. Companies were selected based on their scores in providing work/life balance and corporate cultures which offer benefits to working mothers. This is a designation that is becoming a valuable competitive advantage in the recruitment and retention of women in both the professional and support areas of the workforce.

Conclusion

These are but a few good ideas that employers can implement to increase employee flexibility, facilitate a better work/family balance, and, in doing so, raise retention and lower productivity-killing disruptions and vacancies.

However, the classical economics question looms: if these ideas are so advantageous, why isn't everyone already doing them? Why hasn't market competition driven out firms that don't help their workers balance work and family?

The answer, to use another obscure economics reference, is that today's workplace, especially for hourly-paid workers, offers a "dual equilibrium solution" to the problem of staffing and retention. Put more plainly, employers can be profitable by taking either the low-road or the high-road.

The *low road strategy* is one wherein employers accept high turnover and vacancy rates as the price of ignoring the needs of their workers to balance work and family. They absorb this price by keeping wages low and job quality low, and by taking advantage of a large pool of less-skilled labor. Productivity is low, but labor costs are low too, leading to manageable unit costs.

The high road strategy is just the opposite strategy. Labor costs may be higher, as this is a model that calls for investment in human capital. Ideas like those discussed above have great currency in this model, as do worker training, above market wages, and other job quality enhancers, like employer-provided health care. Higher labor costs are offset by higher productivity, retention, and less turnover fostering an engaged and motivated workforce.

Obviously, we endorse the view from the high road, but why should employers agree with us? In fact, we believe there are a set of reasons, some of which are intangible. On the practical side, in tight labor markets, vacancies and turnover can be very costly. Yes, as we acknowledge, there has been a long queue of low-wage, less-skilled labor in this country, partly associated with immigration, and that has encouraged a low-road strategy. But that could change quickly; in fact, it did so, in the latter 1990s, when the nation's unemployment rate fell below 4% and employers had to raise wages and compensation to find and keep the workers they need.

Also, when employers invest in their workforce, it creates a sense of allegiance that is missing in the low-road model. High-road strategies signal to employees that you value them and understand their challenges in a way that low-road strategies do not.

This allegiance strikes us an important advantage in a highly competitive economy. Our sense is that in a world with stiff global competition, firms that recognize the value of their human capital, and enhance that value by helping their workforce balance work and family, will be the firms left standing when the day is done.

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