

The Categories of Work-Life Effectiveness

Successfully Evolving Your Organization's Work-Life Portfolio

Workplace Flexibility
Paid and Unpaid Time Off
Health and Well-Being
Caring for Dependents
Financial Support
Community Involvement
Management Involvement/Culture Change Interventions



Use this booklet as reference guide. It offers a framework against which you can compare your organization's present work-life program, and can help you to develop a new and more dynamic work-life portfolio for the future.

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Defining Work-Life Effectiveness

Alliance for Work-Life Progress (AWLP) defines work-life effectiveness as a specific set of organizational practices, policies, programs and a philosophy that recommends aggressive support for the efforts of everyone who works to achieve success both at work and at home.

Using the Work-Life Effectiveness Categories to Build a Successful Portfolio

Building a multi-faceted work-life portfolio for your organization is both an art and a science. At its best, a successful work-life portfolio can result in tangible increases in productivity, employee engagement, retention and attraction. The process of effectively engineering your work-life portfolio will require a variety of skills in planning the outcome, implementing the plan and controlling the desired results.

The work-life effectiveness categories below have a proven track record in helping organizations create a collaborative relationship between employers and employees in order to optimize business outcomes. These categories of support for work-life effectiveness address the most important intersections between the worker, his or her family, the community and the workplace. They include:

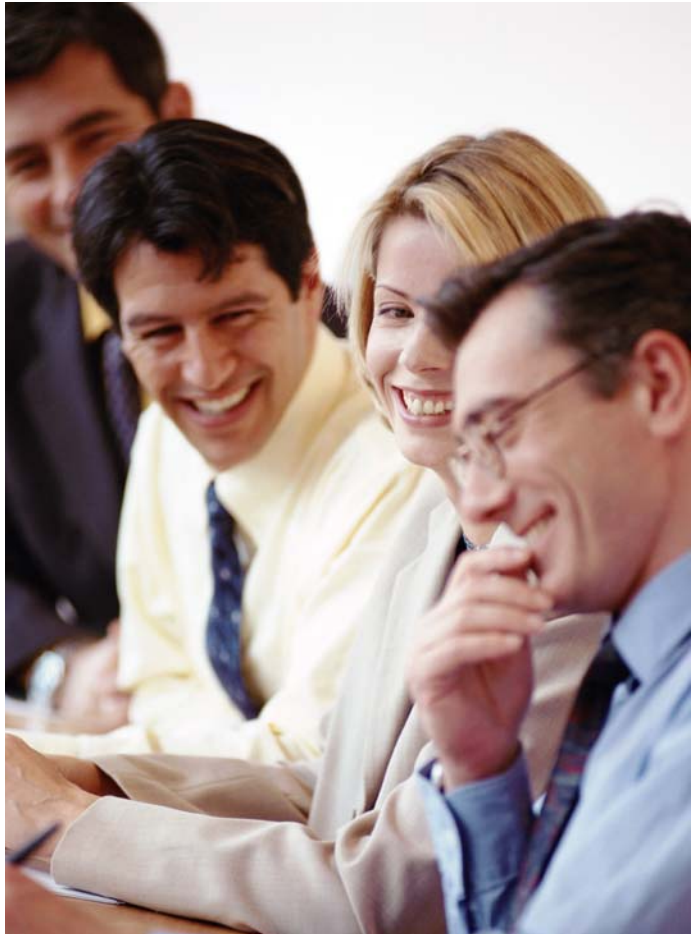
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Planning and Work-Life Portfolio-Building Decisions

Without a model for successful work-life effectiveness, your portfolio may be received as:

- Uncoordinated
- Nonintegrated
- Disorganized
- Not measurably impactful or equitably accessible to either the business or the employee



Applying the Categories to Build a Work-Life Portfolio

First Phase: *Assessing your present work-life situation*

Clarify which products and programs exist within each section of your organization's portfolio. Ideally, each is performing optimally to meet your organization's values and the needs of your employees.

Second Phase: *Coordinating your work-life portfolio components*

Evaluate gaps and identify areas needing improvement so that each category is harmoniously coordinated with your organization's strategic goals.

Using the categories to renew or engage your work-life efforts should result in a work-life portfolio that is:

- Coordinated
- Integrated
- Based on sound planning decisions
- Strategic
- Organized
- More accessible (has something for everyone in your organization)
- Measurably impactful on the organization and employee morale



Workplace Flexibility

This category includes, but is not limited to, the provision of a variety of flexible work options that enable greater customization over when, where and how work gets done. The three most common full-time options are flextime, telecommuting or telework (working remotely) and compressed workweek. The three most common less-than-full-time options include job sharing, phased return from leave (maternity or other) and regular part-time work.

The Workplace Flexibility category may contain, but is not limited to the following programs:

Full-Time Options:

- Flextime
- Telecommuting
- Compressed workweek

Part-Time Options:

- Part-time schedule
- Job sharing
- Phased return from leave

Business Impact of Workplace Flexibility Programming

According to a 2001 article in *The Scotsman*, the London School of Economics and Policy Studies Institute revealed that control is the key to both stress and retention. The amount of pressure, stress, motivation and enjoyment of the job is influenced more by how much control employees feel they have over their time rather than by long hours worked.

A 2001 study of IBM employees by Brigham Young University researchers showed that workers who believe they have flexibility are able to work eight hours **more** a week and still feel they have work-life balance. This study is unique in that it quantifies the relationship between flexibility and work-life balance.

In Contra Costa County, California, the productivity of county employees who worked from home increased by an average of 21 percent over six months.

Merrill Lynch found a 15 percent reduction in turnover when telecommuting was implemented, while Illinois Bell experienced a 40 percent increase in productivity from telecommuting.

Paid and Unpaid Time Off

Time to spend with loved ones and in one's community is the most fundamental element of work-life support. Some newer policies in this category include paid family leave for new fathers as well as mothers, and paid or release time for community service.

The Paid and Unpaid Time Off category may contain, but is not limited to the following benefits:

- Personal days/vacation
- Paid holidays
- Paid family leave for new parents (fathers as well as mothers)

Business Impact of Paid and Unpaid Time Off Programming

A 1993 *Evaluation Study of Johnson & Johnson's Work-Life Initiative* (Families and Work Institute) revealed that employees who used the company's work-family benefits (especially on-site child care and flexible work arrangements) were absent for less than half a day in a three-month period, compared to one day for other workers not using work-life programs.

A 2000 study by the *Radcliffe Public Policy Center* surveyed 1,008 male workers between the ages of 20-39 and found that spending more time with their families was more important to them than challenging work or earning a high salary. In fact, 70 percent of respondents indicated that they would be willing to give up some pay in exchange for more family time.

A 2000 survey from CCH Incorporated revealed that work-life practices help cut absences, and organizations with more work-life initiatives had better morale.

Aetna reported that its extended maternity leave for new mothers resulted in an annual savings of approximately \$1 million.



Health and Well-Being

Stress reduction is the central premise of work-life effectiveness. Because the negative impact of stress-related illness has been shown to eclipse the combined annual profits of the *Fortune* 100 companies, focusing on this category of work-life support holds the most promise of contributing to the reduction of escalating health care costs. Employee assistance programs (EAPs), fitness center affiliations, workplace convenience services, on-site stress reduction seminars and proactive wellness strategies all fit here.

The Health and Well-Being category may contain, but is not limited to the following programs:

- Employee Assistance Programs (EAP)
- Concierge service
- Workplace convenience services
- Fitness center affiliations
- On-site work-life seminars (e.g., stress reduction, financial planning, parenting, etc.)
- Short-term disability (STD)
- Long-term disability (LTD)
- Family and medical leave
- General leaves of absence

Business Impact of Health and Well-Being Programming

A long-term evaluation of the financial and health impact of a large-scale corporate health and wellness program for Johnson & Johnson has shown that participating employees had significantly lower medical expenses and achieve overall improvements in several health risk categories, such as high cholesterol, hypertension and cigarette smoking. The Medstat Group Inc., of Ann Arbor, Mich., conducted the two-part study for Johnson & Johnson. The evaluation included a financial analysis of medical insurance claims for 18,331 Johnson & Johnson domestic employees who participated in its health & wellness program from 1995 to 1999. Reduction in medical care costs amounted to a savings per employee of \$225 annually. The savings came from reductions in hospital admissions, mental health visits and outpatient service use. Savings grew over time, and most came in the third and fourth years after the program began. Employee medical expenditures were evaluated for up to five years before and four years after the program began. Johnson & Johnson's savings averaged \$8.5 million annually for the same four-year period after the program began, primarily due to lower administrative and medical utilization costs.

In a 1993 *American Journal of Health Promotion* article, Bank of America reported a return of \$6 for every \$1 spent on its health promotion program.

According to a 1993 *Human Resources Executive* magazine article, Johnson & Johnson watched its absenteeism rate fall by 15 percent within two years of introducing its corporate fitness program; after three years, hospital costs for the firm fell by 34 percent.

A study of hospital workers in Finland found "attention to interpersonal treatment" decreased the risk of ill health. In addition, male employees who felt they were treated unfairly were 41 percent more like to take sick leave; women were 12 percent more likely to take sick leave than those who felt respected.

DuPont saw a 14 percent decline in disability days over a two-year period. The company also saw an increase in savings due to lower disability costs, which offset program costs during the first year. The savings provided a return of \$2.05 for every dollar invested.

Caring for Dependents

Work-life programs began in most organizations in response to the growing need of dual-income parents for child care resource and referral services. This service has greatly expanded over the past decade to include elder care support; long-term care insurance and emergency backup dependent care services for both children and elderly relatives.

The Caring for Dependents category may contain, but is not limited to the following services:

Child care:

- Child care resource and referral services
- Child care discount program at national providers
- Emergency backup child care service (two options: center-based and in-home care)

Elder care:

- Elder care resource and referral services
- Long-term care insurance
- Emergency backup elder care service

Business Impact of Dependent Care Programming

Children's Health System in Birmingham, Ala., found that a new child care center helped 336 parents find child care help and saved 4,020 work days; turnover was reduced from 22 percent to 12 percent; and the ROI of the center's cost was threefold.

A 2001 General Services Administration study found that child care subsidies offered to low-income workers resulted in 55 percent who were better able to concentrate on work, 19 percent reported fewer days absent from work and 75 percent of recipients felt the subsidy program had improved their job performance.

According to a 1999 study, turnover of tellers from NationsBank (now Bank of America) who used a \$25 per week credit for child care fell from 46 percent to 14 percent.

The ROI on KPMG's backup child care program rose more than 20 percent for each of four years to 520 percent by 2002.

Other research findings include: A wide array of child care benefits enhance retention at 94 percent of companies offering them [Dawson et al., 1984]; on-site child care enhances retention and performance among knowledge and service workers [Burd, 2000]; backup child care services for well children saved one company 6,900 work days in one year, and netted an ROI of 115 percent and a net savings after expenses of \$803,000 [D. Friedman, 1998].

Financial Support

Providing financially for oneself and loved ones from now through retirement is basic to work-life effectiveness. Benefits and compensation professionals provide critical strategies and programs to ensure work-life effectiveness.

The Financial Support category may contain, but is not limited to the following benefits:

- 401(k) plan
- Personal financial planning service
- Pension plan
- Adoption reimbursement
- Tuition reimbursement (student aid/loan programs)
- Dependent care flexible spending account
- Health care flexible spending account
- Voluntary benefits (e.g., auto, home, pet insurance)
- Mortgage assistance program
- Vision discount plan
- Pre-tax parking and transit benefits
- Accident insurance
- Cancer insurance
- Legal assistance plan

Business Impact of Financial Support Programming

According to the Watson Wyatt Worldwide and the Washington Business Group on Health (WBGH), *Staying@Work, Fourth Annual Survey*, the total cost of disability can average nearly 15 percent of a company's payroll, including sick pay, worker's compensation, STD and LTD.

An analysis of the causes of employee turnover at Ryder found that HR practices such as competitive pay, performance-based compensation, communication and advancement opportunities increased employee satisfaction which, in turn, reduced turnover. Lower turnover was associated with lower worker's compensation claims, higher return on controllable assets and higher net profit before taxes. (Ulrich, Halbrook, Meder, Stuchlik, & Thorpe, 1991.)

Equitable rewards (a high level of employee ownership) lead to higher productivity. A rigorous study of employee stock ownership plans found companies that adopted broad-based stock option plans tended to have 27.7 percent higher productivity levels than other public companies [Blasi, Douglas, Sesil, Kroumova & Carberry, 2000].

Community Involvement

This is one domain in which employers' and employees' interests are spontaneously in close alignment, because both the workforce and customers come from the community in which the organization operates. Corporate responsibility is expanding to include not only new types of external community outreach, but also a renewed internal focus on building a strong internal sense of community. Formal ethics programs, shared (or catastrophic) leave banks, and disaster relief funds are some creative new ways of taking care of each other.

The Community Involvement category may contain, but is not limited to the following programming:

External outreach:

- Community volunteer program
- Matching gift program

Internal sharing:

- Shared leave program (donating personal/vacation time to others facing emergency situations, such as a child with terminal illness or other family catastrophe)
- Disaster relief fund

Business Impact of Community Involvement Programming

A 2002 DePaul University Study compared the "100 Best Corporate Citizens of 2001" with organizations listed on the S&P 500 and revealed that companies that are socially responsible were found to have more than a 10 percent higher sales growth, profit growth and return on equity than companies that do not make the list.

A 1997 New York University Stern School of Business study revealed that *Fortune* 500 companies with a good reputation are more profitable, based on the finding that stock prices were relatively higher among 216 companies known for being socially responsible.

Reputation for social responsibility enhances recruitment. For some individuals, a potential employer's commitment to social causes is an important consideration. In 2002, 77 percent of adults surveyed indicated a company's commitment to social causes influenced their decision about where to work [Cone/Roper, 2001].

Management Involvement/Culture Change Interventions

Creating genuine support for work-life effectiveness at all organizational levels usually requires strong leadership in the areas of culture change management, new types of management training to create an optimally collegial, flexible work environment and work redesign. Additionally, in order to eliminate any residual barriers to the full engagement and productivity of every contributor, it is sometimes necessary to launch specific interventions to eliminate gender (and/or other) inequity. Thus, there is a growing link between work-life effectiveness, diversity initiatives, women's advancement, mentoring and networking.

The Management Involvement/Culture Change Interventions category may contain, but is not limited to the following:

- Diversity/inclusion initiatives
- Women's advancement initiatives
- Work redesign (efforts to reduce work overload and burnout)
- Team effectiveness
- Work environment initiatives

Business Impact of

Management Involvement/Culture Change Interventions Programming

In a 2000 Gallup Study, 2 million employees at 700 companies rated having a caring boss higher than money or fringe benefits. This study confirms findings by a 1999 Lou Harris Association/Spherion Study that found that 40 percent of employees who rated their supervisors as poor were likely to leave their company compared to 11 percent who rated them as excellent.

The 2002 National Study of the Changing Workforce revealed that 77 percent of workers who experience their culture as being supportive say it is highly likely they will stay, compared with 41 percent who don't describe their culture as supportive. What do they consider supportive? More than twice as many respondents with access to flexible work arrangements are highly satisfied with their jobs, as are more than three times as many who have supervisor support.

Hopefully this booklet has provided you with a framework to successfully build your work-life portfolio.

Remember, the work-life effectiveness categories allow organizations to create a collaborative arrangement between employers and employees in order to optimize business outcomes. These categories of support for work-life effectiveness address the most important intersections between the worker, his or her family, the community and the workplace.

If you would like to learn more about the Categories of Work-Life Effectiveness, or if you would like to share the programs that your organization has created to enhance its portfolio of work-life programs, we encourage you to contact Alliance for Work-Life Progress at 800/874-9383 (toll-free) or on the Web at www.awlp.org.



Alliance for Work-Life Progress (AWLP) is the leading not-for-profit professional association committed to the development and advancement of the field of work-life effectiveness. Founded in 1996, AWLP strives to improve the professionalism of those working in the work-life arena and influence better integration of work and family life. In addition to serving as the membership association and thought-leader for the profession, AWLP also addresses work-life issues through publications, forums, surveys and as a provider of education, including certificate courses. AWLP is an affiliate organization of WorldatWork.



WorldatWork is the world's leading not-for-profit professional association dedicated to knowledge leadership in compensation, benefits and total rewards. Founded in 1955, WorldatWork focuses on human resources disciplines associated with attracting, retaining and motivating employees. Besides serving as the membership association of the professions, the WorldatWork family of organizations provides education, certification (Certified Compensation Professional — CCP®, Certified Benefits Professional® — CBP and Global Remuneration Professional — GRP®), publications, knowledge resources, surveys, conferences, research and networking. WorldatWork Society of Certified Professionals and Alliance for Work-Life Progress (AWLP) are part of the WorldatWork family.

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