



Flexible Work Policies

MEAN



BUSINESS

By Paul Harris

Flex time and other work-life initiatives are popular retention tools in a tight talent market.

When an employee of financial services giant Citigroup requests permission to begin working on a flexible schedule, the petition is judged not on personal issues, such as the individual's commute or dependent care duties, but rather on two business-related concerns—whether the work can be accomplished and whether the needs of the business will be met. The employee is not even asked to provide a reason for the request.

Citigroup created the corporation-wide policy in 2005 after an employee opinion survey revealed widespread disenchantment with the global company's existing flexible work scheme. It was perceived as arbitrarily implemented and possibly career damaging, and thus was underutilized.

Today, it is a model program that enjoys broad support among employees and managers alike, says a proud Ana Duarte McCarthy, Citigroup's vice president of diversity management. A dedicated website showcases Citi's flex-time success stories, underscores management's commitment to the program, and even enables workers to apply online from a selection of six flexible working strategies.

The initiative was launched under Citigroup's new blueprint for meeting shared responsibilities to its clients, customers, and franchise. Called the Five Point Plan, it prescribes expanded training about the company's mission and opportunities, an enhanced focus on talent and development with an emphasis on diversity, and other programs.

Business comes first

Many organizations offer programs to help employees balance their work and family lives. Such initiatives go well beyond measures decreed by the Family and Medical Leave Act and other laws. They represent a growing conviction in business that doing so is not only ethical and proper, but also necessary to attract and retain highly productive employees. Those business concerns are becoming even more acute now that today's workforce comprises four generations, each with distinct personal needs.

A recent study by the Families and Work Institute reports that among organizations that provide at least eight work-life initiatives for their employees, an overwhelming majority does so mostly for business reasons, not personal ones. Most feel that work-life initiatives, such as flex time and elder care assistance, enhance productivity and commitment. Typically, management views the policies not as an employee benefit, but as a two-way partnership between the company and the employee.

An increasingly important component of work-life programs is the training of employees to handle their freedoms responsibly, and of managers to properly assess employee requests and to supervise workers engaged in work-life initiatives. Supervisors also are learning how to identify skills gaps and ensure completion of job-sharing duties, for example.

The list of work-life balance initiatives currently offered by organizations runs the gamut from flexible scheduling options, telecommuting, and dependent care benefits, to concierge services, phased retirement, and variations

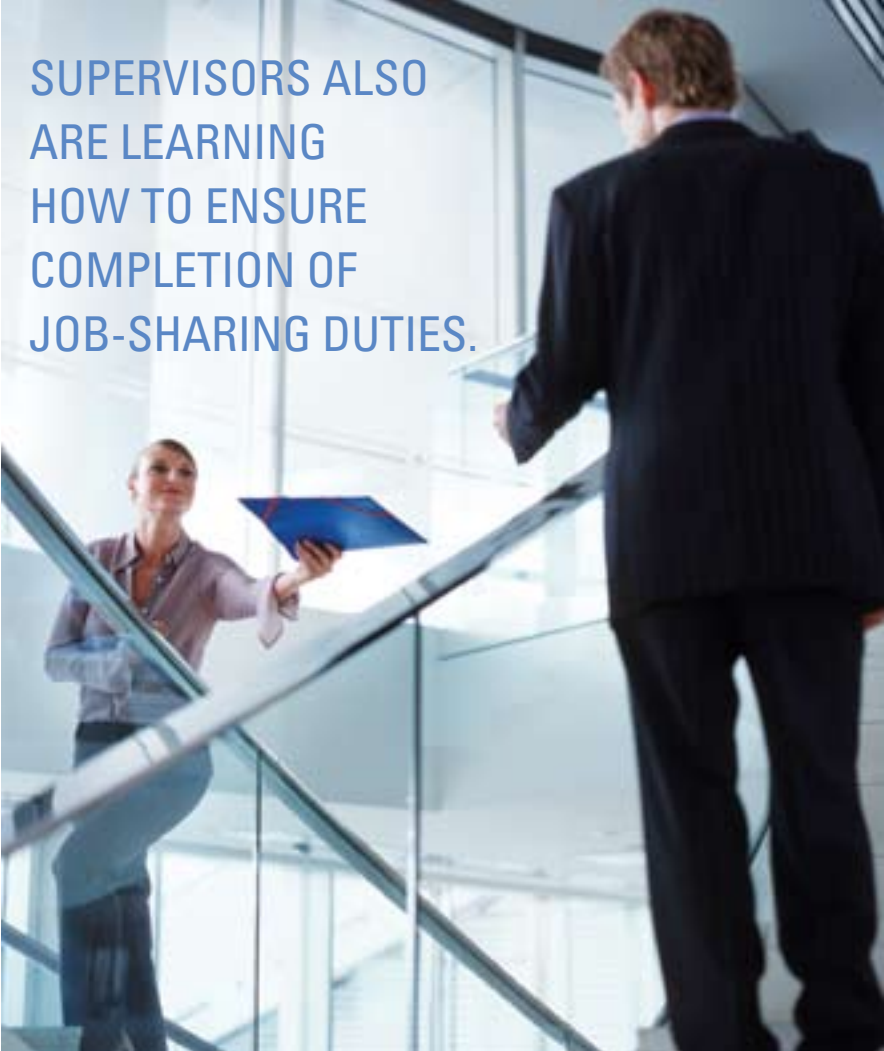
on extended leave. But measuring the effectiveness of these policies is extremely difficult, says Marcie Pitt-Catsouphes, co-director of the Center on Aging & Work-Workplace Flexibility at Boston College.

She says one problem is that the subject of work-life strategies includes a broad menu of assorted initiatives, each created for different reasons. When employers and researchers ask about outcomes of these strategies, the correct answer depends on which ones they're referring to. "For example, the outcomes of child care initiatives are different than the outcomes of certain flexible work arrangements," says Pitt-Catsouphes. "It is impossible to generalize about them."

A second problem involves the accurate measurement of specific outcomes of work-life programs, says Pitt-Catsouphes. "Evidence of positive outcomes can emerge regardless of whether people actually use a work-life initiative or are even eligible," she says. For example, if employees champion an on-site child care facility, companies may invest heavily on it even though relatively few employees would benefit. Yet a company's decision could be justified because a

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much larger population regards the move as evidence that the employer is doing the right thing, says Pitt-Catsouphes. “There is a cascading positive effect of these initiatives that is difficult to measure.”

In the case of flexible working arrangements, she says, certain employees won’t elect to participate but still appreciate that the policy is available. They may view it like insurance, which might become important in the future. Meanwhile, employers want the best return on their investment—policies and programs that are useful to the widest range of employees both early and late in their careers.

Pitt-Catsouphes, who also is principal investigator for the Sloan Work and Family Research Network, claims that some credible research has attempted to measure separate outcomes with

respect to employers and employees. “These policies are not mutually exclusive, nor should we juxtapose them as a trade-off. It’s easy to get into that.”

Flexibility equals accountability

Actually, the debate over the business case for such worker-friendly policies already has been won, says Ellen Galinsky, president and co-founder of the Families and Work Institute, a New York City-based not-for-profit research organization. “Companies aren’t demanding this as much as they used to,” she says. “The business case has changed because people understand that the issue is complicated.”

Galinsky says work-life initiatives such as flex time are one component of an effective modern workplace, one that is “highly correlated” with job satisfaction, loyalty, engagement,

retention, and better mental health. She says well-run organizations listen to their employees and give them more control over flexibility, while at the same time make them more accountable for improved results.

Galinsky considers such agreements “part of the whole reconceptualization of work in 21st century.” She says work-life policies must work for both parties or else there will be a negative impact on productivity, mandatory overtime, and on-call arrangements. She says the best business examples in support of such arrangements invariably come from firsthand experiences within individual companies.

The business case for work-life balance also is an important topic at the Conference Board, a New York City-based business membership and research group. Senior research advisor John M. Gibbons says the case that talent drives business success (and long-term organizational health) has finally gained traction among business leaders and, rather than struggling for “a seat at the table,” HR leaders are now leading the discussion.

But he believes many business leaders also are expecting HR to be more sophisticated and precise in the kinds of empirical cases they make for specific strategies, including those that affect work-life balance.

Gibbons says research priorities at the Conference Board include finding evidence of the organizational impacts of work-life balance policies. For example, it has launched a major study on global employee engagement to determine what inspires people to have emotional and intellectual engagement with their jobs. It has two research groups working on “evidence-based” human resources.

“Our focus is squarely on strategies and programs that have impact either operationally or financially,” he says.

This spring, the Conference Board will release a study indicating a dramatic increase in the number of companies that are holding their CEOs accountable for workplace diversity, says Gibbons.

Citigroup, IBM agree

Two companies leading the work-life curve are Citigroup and IBM, where employee preference and business justification are inextricably linked despite any lack of empirical return-on-investment data.

At Citigroup, concern for attracting and retaining top talent is demonstrated by the current generation of college grads entering the workforce, often called echo boomers, says diversity chief McCarthy. "They're not interested in the 9-to-5 paradigm," she says. The executive meets regularly with entering groups of management associates and hears firsthand their concerns about Citigroup's employee-friendly culture.

Citigroup's liberal adoption of work-life policies starts with the position that they are not part of any entitlement program, but are implemented on a case-by-case basis and pegged to specific companywide "success metrics."

Citigroup's priorities are spelled out in a 2005 memo from General Counsel and Corporate Secretary Michael Helfer that details its lofty corporate governance goals. The company pledged to follow best practices in all aspects, including its Five Point Plan. An integral part of that strategy is an annual Voice of the Employee survey, upon which many initiatives are based.

Listening to employees and accommodating their changing needs has been a longstanding priority at IBM. The company contends that its support for work-life balance creates a supportive and flexible environment that meets the needs of employees so that it can attract and retain key talent. Programs such as work-at-home, job sharing, and extended leave are available at every level of the organization, from entry-level employees to executives.

"Work-life policies are not considered an accommodation at IBM," says Andre'a Jackson, manager of work-life flexibility and mobility. "They are an important part of our business strategy." The business payoffs of flexible work schedules are as obvious as enabling home-based employees to

visit customers directly. "Companies used to regard these policies as 'nice to have,' but not any more," says Jackson.

At IBM, leaves of absence have been granted since 1956, some 30 years before enactment of the Family and Medical Leave Act. They were extended from three weeks to one year in 1960 and to three years in 1988. In 1992, the organization added the ability to work part-time while on leave, providing an opportunity for women to phase back into the workplace following the birth or adoption of a child.

IBM introduced a mid-day flex schedule in 1980. It began piloting an alternative work schedule for its North American salesforce in 1993, and two years later, it expanded the option to 65,000 mobile workers worldwide. Today, 40 percent of IBM's 330,000 employees work remotely.

The company's flexible working policy has evolved to a large extent from employee surveys that found worker flexibility to be the second most important reason employees remain with the company, next to compensation. Such surveys are conducted among IBM workers in regions throughout the world. The result is a variety of flex-time policies designed to accommodate varying cultures and laws, says Jackson. Employees can select from a menu of six flex-working options that include a compressed flexible work week, an individualized work schedule, and a part-time reduced work schedule.

Like many companies today, Citigroup and IBM manage their work-life initiatives within broader

workforce diversity programs. (Citi has unbundled some practices such as its wellness program, which is operated by its health benefits team.) McCarthy says that because workplace environment is a principal diversity issue, Citi considers policies like flexible working and dependent care to be paramount.

She believes work-life professionals possess an important set of competencies, and that it's important for them to maintain both focus and voice under the broader diversity umbrella. That view also is championed at IBM, where a dedicated work-life team is attuned to both business and personal needs.

Galinsky, of the Families and Work Institute, believes the emphasis on diversity helps point the way to tomorrow's optimum work environment. She envisions a time, perhaps 10 years from now, when companies will take a "whole people perspective" to all key people-related decisions they make. "That perspective will emphasize diversity and recognize that individuals have a heart as well as a head and a life outside of work. It would be part of all decisions on how people are brought in, trained, and promoted."

Training programs bloom

As companies pursue their talent management and diversity-related goals, they will need to properly train their managers and employees on their work-life policies, predicts Boston College's Pitt-Catsopoulos. They will be looking to their training departments to help them gain maximum personal and business benefits, she says.

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For starters, she says, “employers must understand their responsibility to communicate fundamentals about work-life initiatives—that they are not gifts to employees but instead are mutually responsible sets of arrangements. Trainers need to emphasize the importance of this message.”

Helping managers extend their skills is an equally important mission for trainers. “Some work-life initiatives can be very individualized. Supervisors need to understand how these programs help the business, and how to manage them,” says Pitt-Catsouphe. For example, she says, a difficult and sometimes thankless managerial assignment can be presented by the increasingly popular policy of job sharing, where a single full-time task is shared by two individuals.

She says job-sharing arrangements can double the supervisory duties of managers if they don’t specify in advance how metrics will be met. “Trainers provide a critical function, and in some cases, a link between managers and OD people,” she says.

“Trainers have a critical role not only in imparting information, but in helping people think differently about how they can be more effective in their jobs,” she says. Another opportunity for training departments is informal mentoring about work-life balance successes encountered within large organizations, says Pitt-Catsouphe.

Galinsky agrees that the importance of training is increasing as organizations alter the discussions between managers and employees. Other catalysts include the emergence of career development as a core skill and initiatives such as the General Electric’s “manage for innovation” concept, she says.

Both IBM and Citigroup emphasize such roles for their training departments. IBM’s work-life strategy is built into training for new employees, new managers, experienced managers, and senior executives. Managers are taught to spot symptoms of “work-life burnout,” such as stress, poor time management, and working 24/7. In addition, IBM managers are given an end-to-end view of the company’s workforce to accommodate employees who take advantage of work-life programs. The training enables managers to assess individual skill levels, identify gaps, and compare that information with IBM’s business plans.

Another valuable work-life support tool at IBM is called Professional Marketplace. This online database gives IBM managers a view of the company’s workforce. Managers are trained to search through more than 100 job classifications and 10,000 available skills for individuals who could help meet personnel needs when necessary. Designed to help managers take a “supply chain management” approach to skills in general, the tool is useful for managers seeking to accommodate employees’ schedules in light of IBM’s work-life balance programs.

At IBM, Citigroup, and a growing number of organizations, such training to support work-life agendas is seen as an important ingredient in meeting their strategic goals. Indeed, the rationale behind it couldn’t be more straightforward. Greater work-life balance helps ensure employee satisfaction, and contented employees help ensure financial success.

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