

INTRODUCTION

The role of work has changed throughout the world due to economic conditions and social demands. Originally, work was a matter of necessity and survival. Throughout the years, the role of “work” has evolved and the composition of the workforce has changed. Today, work still is a necessity but it should be a source of personal satisfaction as well. One of the vehicles to help provide attainment of personal and professional goals is work-life benefits and programs. Implementation of these programs in the United States (“U.S.”) and the European Union (“EU”) countries differs, due to fundamental beliefs about the goals of such programs. Are work-life balance programs in existence as a result of a social responsibility to employees or to provide a competitive advantage to employers?

Before we can answer this question, we need to define what work-life balance is. Many people think of work-life balance only in the framework of what the company does for the individual. However, work-life balance is a two prong approach. The other prong of work-life balance, which many individuals overlook, relates to what individuals do for themselves. According to Jim Bird, CEO of Worklifebalance.com¹, “Work-life balance is meaningful achievement and enjoyment in everyday life.” The primary way companies can help facilitate work-life balance for their employees is through work-life programs and training. Achievement and enjoyment at work is a critical part of anyone’s work-life balance. Furthermore, achievement and enjoyment in the other three quadrants of one’s life (e.g. family, friends and self) is critical as well (see Figure 1 in the Appendix).

¹ Worklifebalance.com is an international work-life balance training and consulting company. Worklifebalance.com provides training and tools that focus on stress management in the workplace, time management, customer service, and change management. Jim Bird believes that to achieve better work-life balance, each individual needs to work smarter – to get more done in less time.

WORK-LIFE BALANCE PROGRAMS IN THE UNITED STATES

Work-life balance programs in the U.S. have become increasingly popular through the years.

The following lists some of the more common work-life benefits:

- Flex-time
- Telecommuting
- Child care
- Elder care
- Leave (e.g. paternity, etc.)
- Job-sharing
- Employee Assistance Programs
- In-house store/services
- Gym subsidies
- Concierge services
- Vacation
- Work hours

In addition to the work-life balance programs listed above, primarily due to the internet boom in the mid-90s and the growth in the economy, more companies offered other “perks” as well. Items such as company cars and a set number of free flights per year were normal for many companies. A four-day work-week as well as flexible hours and casual dress were common also. These perks were primarily instituted to attract, motivate and retain a superior quality workforce.

According to a position paper published by Caux Round Table and written by David Rodbourne in 1996, “While many leading U.S. companies have extensive work-life programs, policies and practices, most have not yet changed their organizational cultures to support employees and managers who want to use work-life options.”² This philosophy appeared to be widespread in the 1990’s, because work-life programs were in place, however if an employee wanted to be a manager, they were not allowed to work four day weeks.

In light of the recent economic conditions, there has been a dramatic change in how corporations view work-life balance programs. Corporations are much more cost conscious about these programs, but still realize their importance. Despite this more critical view about work-life programs, according to Jim Bird, benefits such as “Employee Assistance Programs are

considered as a standard offering. I do not see them going away.” In the heart of the Internet bubble, work-life balance programs were an added bonus to attract and retain quality employees. Today, the work-life benefits have switched from company cars, significant bonuses, and other perks to employee fitness centers and dry-cleaning services.

Now work-life balance programs are in place as “Recession Perks” according to Challenger Gray and Christmas, Inc.³ Many corporations can no longer afford the monetary compensation they were handing out in the 1990’s. But with layoffs commonplace, these companies are looking to use their inexpensive “Recession Perks” as tools to build loyalty and encourage teamwork and camaraderie with coworkers. Through these benefits, along with the traditional programs such as insurance and retirement plans, managing the remaining workforce after layoffs is vital. When the struggling economy turns around, the remaining employees will be responsible for bringing their respective companies “back to life”, and back to a competitive force. Some of the more prevalent work-life programs listed above are discussed in more details below:

Work Hours

America currently legally limits non-exempt workers from working more than 40 hours a week without additional compensation. This legislation is a result of some of the earliest lobbying efforts by labor unions. Exempt workers do not currently have such a restriction resulting in a wide disparity in how exempt workers are treated. Some companies expect extra

² “Learning as We Go, Work-Life Policies & Practices for Business”, David Rodbourne, July 1996. Published by the Caux Round Table at internet site <http://cauxroundtable.org/WF-CRT96.htm>.

³ “recession ‘Perks’ May be Reawakening the Economy” Copyright 2001 American City Business Journals Inc., 11/26/01, internet site <http://sanjose.bizjournals.com/stories/2001/11/25/daily 8.html>.

hours to be put in without extra compensation while at the other end of the spectrum some firms compensate exempt workers as well as non-exempt for overtime.

Paternity Leave

Paternity leave is an issue that has recently received attention with the passing of the Family and Medical Leave Act. The intent of the Family and Medical Leave Act was to standardize the rights employees have to family leave. While originally intended to protect working mothers, the scope of the law was expanded to incorporate the changing needs of the American family. As more of the population deals with elderly parental care, single parenting, etc., the mandated leave affords a broad spectrum of demographic groups' coverage. The current minimum in the U.S. is 12 weeks but 19 percent of companies currently go beyond the scope of the law and offer more leave.⁴

Childcare

Of conventional families (mother & father) in the U.S., 62.8 percent are dual-income households. As a result, many companies offer child care benefits as an enticement to workers with families. The methods used to support workers are varied and few concepts are universally accepted. In-house child care facilities, after school programs, subsidized child care, and referral services are all ways that employers use to help employees care for their children. One fairly common program is child care spending accounts. These programs take advantage of tax relief provided by the federal government and are offered by over 90 percent of employers.⁵

⁴ "U.S. Salaried Work/Life Benefits 2001-2002", Hewitt Associates LLC.

⁵ *ibid.*

Vacation

Vacation time in the U.S. is one area where the federal government has not weighed in with significant legislation. While most companies offer two weeks to new employees as a standard, each company in the U.S. can determine their own vacation policy. Therefore, disparities exist between vacation policies which are a source of competitive advantage. Typically, those employees with more seniority receive more vacation time. Many companies offer the ability to accrue more vacation time in relation to the length of service. However, very few companies offer additional vacation time as a reward for good work.

Telecommuting

Telecommuting is a relatively new concept brought about by the widespread availability of computers and the internet. This primarily allows workers in white collar jobs to work from home by linking employees to a company's network and completing work from home. One of the primary purposes of telecommuting is to allow employees to spend less time commuting, as well as allowing their schedule to be a bit more flexible. Currently 30 percent of U.S. firms allow some form of telecommuting.⁶

WORK-LIFE BALANCE PROGRAMS IN THE EUROPEAN UNION

The countries of the EU have a different cultural viewpoint, than that of the U.S., with respect to work-life programs. Often, programs came about as a result of government legislation backed by public mandate. This demonstrates that European programs are based primarily on social responsibility rather than competitive advantage.

⁶ *ibid.*

In contrast to the U.S., there are different approaches to work-life balance in Europe. These approaches depend on cultural characteristics of the various member countries and the level of development of the economies. However, the EU is trying to establish certain guidelines for all countries that aim to reduce discrepancies between the work-life initiatives of the countries.

According to Cary Cooper, professor of organizational psychology and health at the University of Manchester Institute of Science and Technology, the “Americanisation of working practices in Europe, including an increase in outsourcing, hours at work, delayering and freelancing, is increasing stress levels.”⁷ This Americanization had led the EU to investigate guidelines regarding work hours, holidays, and parental/paternity leave. Telecommuting and child care are also topics of interest to the EU in relation to overall work-life health of its member countries.

The European Employment Strategy⁸ emphasizes that member states should design, implement, and promote policies which favor the family, including the establishment of affordable, accessible and high quality child-care services. In March of 2000, the French Presidency administered a set of questionnaires to the EU countries to gather data about work-life balance indicators so that overall EU guidelines could be recommended.⁹ In the 2001 Employment Guidelines, member states were invited to set national targets for increasing the

⁷ Accountancy Age, October 19, 2000.

⁸ Commission of the European Communities, Joint Employment Report, 2001, page 2 – “Title VIII of the Treaty establishing the European Communities lays down the principles toward developing a coordinated strategy for employment. Article 128 specifically details the steps leading to the formulation of such a strategy including, on an annual basis, guidelines for employment, recommendations to the Member States and a joint report by the Council and the Commission to the European Council on the employment situation in the Community and on the implementation of the guidelines.”

⁹ Eurostat Working Papers - Feasibility Study on the availability of comparable child care statistics in the European Union, 2002 edition, page 13. www.europa.int (official site for the European Union).

availability of care for children and other dependents. While the EU may want to establish uniform standards for all its member countries, because the statistical data varies greatly from country to country, individual goals are more feasible at this time. Some of the more prevalent work-life programs in the EU are discussed below:

Work Hours

In 1995, the Council of the EU recommended a maximum 48-hour work week in order to protect the safety and health of workers. However, hours that employees actually work among the EU countries still varies. A report published in 2000 by the Trade Unions Congress found British employees were working an average of 43.6 hours a week, compared with 39.6 in France, 38.5 in Italy and 40.1 in Germany.¹⁰ While France's average number of hours worked per week is 38.5, France mandates time and a half or bonuses paid for working more than 35 hours per week. According to a study by the European Community Household Panel, 12 percent of workers believe they have a low number of work hours, and 44.8 percent believe they have a high number of work hours.

Paternity Leave

Paternity Leave is a relatively new trend some EU countries but not in others. In Denmark where paternal rights have existed for more than 20 years, regulations have been refined to give fathers more rights in taking care of their children. In particular, under new rules implemented in March 2000, parental leave is granted to fathers for the first time and leave entitlement is extended to a total of 10 months leave at 30 percent of regular salary until the child's third birthday. Any period of leave cannot exceed six consecutive months. As of

December 2001, 40 percent of Nordic fathers actually took advantage of these rights, encouraged by tax penalties if they did not and generous financing at about 80 percent of average salaries if they did.¹¹

In contrast the government in the UK recognized paternal rights at the end of the last decade. For too long, family friendly policies were simply equated with policies for working mothers. The EU Directive on Parental Leave has since put the UK on par with the rest of Europe, and two weeks' paid paternity leave is promised starting 2003. Some companies have taken initiative to implement paternal leave prior to the EU's directive. Four out of 10 UK employers chose to make provisions prior to the Directive.

The next challenge to the scope of family leave comes from across the Atlantic. In the U.S., family leave is not limited to care for young children but includes everyone in the family from the spouse to elderly relatives through the Family and Medical Leave Act.¹²

Vacation

In addition to a recommended maximum number of work hours, the EU also in 1993 formally recommended that employees receive four weeks mandatory vacation. Again, the length of holiday varies among EU countries. Flexible holiday policies are a trend that some EU nations are embracing. Under current Dutch law, employees who do not take their full holiday entitlement cannot receive cash in lieu, other than as part of a termination package. New proposals would allow employees to have surplus holiday paid off, provided that they actually take at least 20 days holiday leave. Historically, companies would just close their operations and have all employees take holiday leave at the same time. With the increase in globalization,

¹⁰ The Engineer, February 2, 2001.

¹¹ Personnel Today, December 11, 2001.

companies are interested in being open for business all the time which creates opportunities for employees to take partial holiday leave and work the remainder of the holiday for the extra income. However, holiday time is still valued by European workers. Facts 2000 survey claimed that employees would rate having more than 30 days holiday as a more attractive benefit than having a company car or a pension.¹³

A quick scan of vacation time in the countries where U.S. firms do most of their European business reveals that four weeks is below the average vacation time most Europeans already enjoy. For example, in France 25 days is the minimum required by law, though 25 to 27 days is standard. Germany requires employers to give 20 days, though 30 is standard practice. (Some Germans enjoy as much as 15 weeks of paid leave each year). The Netherlands likewise requires 20 days but most employers offer between 25 and 27 days. Only the United Kingdom had no mandated vacation time prior to the spring of 1998. At that time, Prime Minister Tony Blair ushered in the European Working Time Directive, which set forth mandatory annual leave and brought the country into compliance with EU regulations. While the new legislation marks a shift from hands-off to hands-on governmental policy, it should not affect operations at most companies in the U.K. The majority of employers already offered four to five weeks vacation time.

Childcare

Developing childcare provision systems in the EU appears to have been an emerging priority for the past 15 years. This concern is related to the need to promote equal opportunities for men and women in the labor pool. In a published report in 1988, the European Commission

¹² Ibid.

¹³ The Financial Times, Europe Intelligence Wire, January 25, 2001.

Equal Opportunities Unit recognized the need for consistent information about childcare as a major component of the work-life equilibrium. As a basis for this, the EC Childcare Network undertook a study of routine data already existing on the subject in the member states followed by further reviews of the subject.¹⁴ Despite discrepancies in statistics and information about childcare available across EU member countries, the EU does its best to gather information and recommend guidelines to benefit both working parents and children.

Childcare subsidies are available throughout the EU, but the cost of childcare remains a controversial issue. In the UK, parents face the highest European childcare costs. The Daycare Trust says, on average, parents in Europe contribute just 25 percent of the full cost of a nursery place, compared the 75 percent paid by parents in the UK. Despite the large EU government subsidies and tax credits (outside the UK), the Daycare Trust says that the high charges are still preventing some parents from returning to work.¹⁵

Telecommuting

Research from a UK Labor Force Survey, conducted by industry analyst Datamonitor shows that 1.7 million people, about six percent of Britons, now telecommute at least one day a week. The figure falls to 1.1 million or 4.2 percent if you exclude those who do it only occasionally. The number of people working from home across Europe could jump by more than 50 percent between now and 2005. The driving force is a desire among employees for a better balance between work and life and, among employers, to hang on to their best people. The

¹⁴ Eurostat Working Papers - Feasibility Study on the availability of comparable child care statistics in the European Union, 2002 edition, page 12. www.europa.int (official site for the European Union).

¹⁵ The Guardian, July 31, 2001 & Daycare Trust, UK national childcare charity, www.daycaretrust.org.uk.

events of September 11 added a third reason: even if they can get to work without delay and disruption, many people would prefer not to work in a high-rise office tower.¹⁶

Other EU countries expect telecommuting to become more prevalent as well. A survey conducted in late 1998 shows the percentage of European executives that expect telecommuting to become widespread in use by 2003. Asked about work practices they expect to be prevalent in their own companies within five years, 53 percent of UK executives expected telecommuting to be in widespread use. Percentages for other countries are seen in Table 1 below:¹⁷

Germany	34%
Belgium	30%
Netherlands	29%
Italy	23%
Spain	13%
France	10%

Table 1

SUMMARY OF U.S. vs. EU

Work-life balance programs are a matter of interest in both the U.S. and EU. However, the approach to implementing these programs is different in the two regions. In the U.S., companies implement work-life balance programs, and the government has little involvement. For U.S. companies, work-life balance offers a competitive advantage, in that they are able to recruit the best candidates and potentially increase their loyalty to the company. In the EU, the different countries impose more strict regulations on employers which reduce their flexibility in regard to programs such as vacation time, paternal leave, flex-time, telecommuting, etc.

¹⁶ The Financial Times, January 31, 2002.

¹⁷ “Executive use of technologies and executive expectations about telework,” European Telework Online, <http://www.eto.org.uk/eustats/opinion.htm>.

Due to the fact that the social, political, and cultural factors are more closely tied in the EU, work-life balance programs are commonplace and are thought more as a social responsibility than in the U.S. However, the EU is behind the U.S. in regards to recognizing the PERSONAL responsibility of the individual. In the EU, it is time to address the individual's need to have tools, through training for example, to better create their own work-life balance.¹⁸

A direct comparison between the U.S. and EU is difficult to establish, because in the U.S. there are few federal work-life balance policies. Companies ultimately shoulder the responsibility for developing and implementing these programs. Although, there will probably never be a single mandate for work hours, vacation, paternity leave, childcare and telecommuting that applies to all EU countries, the EU does an excellent job of recommending policy with members representing the different cultures and work values of the region.

Both the U.S. and EU can learn a lot from each other regarding work-life balance. The market forces that significantly influence U.S firms are good for business. In addition, U.S. firms must keep in mind that social change fuels much of the momentum behind these market factors. EU countries and firms must realize that the "Americanisation" of Europe is a side effect of market "globalization." In other words, European countries and firms must realize that in order to maintain a strong economic position, social responsibility is equally as important as developing competitive human capital programs.

RETURN ON INVESTMENT

The argument for or against work-life balance programs often hinges on the company's ability to show significant financial gain as a result of these programs. Many corporate decisions rely on a positive net present value to be shown for any project to move forward. Interestingly,

¹⁸ Jim Bird, CEO of Worklifebalance.com.

for all the emphasis on such financial justification, very few hard numbers exist on the success or failure of work-life programs. More often companies have quantified the benefits of such programs through a variety of performance measures indirectly related to financial return. The following paragraphs look at some ways companies have attempted to develop a justification for programs.

Since work-life programs are a part of a company's compensation and culture, their benefits are most often seen on the human resources front. One of the first ways that firms have shown a benefit is in recruiting. Effective work-life programs are an effective marketing method for attracting employees. Additionally, oftentimes job seekers are drawn to "Best Place to Work"¹⁹ lists that are published in magazines such as *Fortune* and *Working Mother*. Once potential applicants are recruited, work-life programs are often a deal maker. They often sway a potential applicant's choice of job offers to the company offering the best programs.

Most importantly, effective work-life programs help forge a symbiotic relationship between an employer and employee that leads to mutual benefits. Employees who are better able to balance the demands on their time are more satisfied and content. This in turns leads to real benefits for the employer in terms of productivity gains, lowered turnover rate, a stronger team spirit, and loyalty to the employer. Operationally, a lower turnover rate leads to reduction in new employee training costs, as well as the more elusive costs associated with informal training that existing employees provide to new team members. While these gains have been sporadically measured, no definitive study has been able to associate performance gains directly with financial performance gains. The trends in the data do show improvements in the areas listed

¹⁹ In fact, a study by Vanderbilt University and Hewitt Associates found the companies on the "Best Place to Work" list outperformed similar companies that weren't on it, and also did better than the broad market, showing "substantial financial performance advances." (see Figure 2 in the Appendix)

and thus are related to greater profitability derived from the improved efficiency of the workplace.

Concrete measurements are difficult to get for any indirect business effort - even the impact of most technology. For work-life balance, there have been studies which indicate a direct correlation between work-life balance programs and customer service ratings. For instance, Worklifebalance.com conducts surveys for productivity improvement due to the tools taught in their work-life balance training. Of thousands of people surveyed 85 percent to 95 percent report being more productive (on average over 20 percent more productive). These statistics are the average of opinions and backed up by anecdotal evidence so they are not “hard numbers” (see Figure 3 in the Appendix). Even though this evidence is subjective in nature, it is important to note that the opinions and anecdotal evidence from both employees and management are strongly positive.²⁰

WHAT DOES THE FUTURE HOLD

Generally, U.S. firms have awoken to the benefits of work-life programs and the EU is continuously evaluating work-life initiatives as part of its larger labor policies. According to Jim Bird, the most important workplace issue in the U.S. over the next 30-40 years will be the work-life balance issue. Currently, programs are based around what an employer can do for the employee. However, for true work-life balance to occur, employees need to be responsible for adopting certain behaviors which help them balance work and the other parts of their life (e.g. family, friends and self). Companies with a long-term strategy on work-life balance will recognize this and provide employees with training which addresses personal shortfalls they

might have that keep them from achieving work-life balance. Even if companies implement programs to address the personal shortfalls of employees, will long-term work-life balance be achieved? Changing the habits of employees does not necessarily imply a change in “work-life balance” particularly if the culture of the work environment does not change. When both company plans and employee efforts are complimentary, true work-life balance can be achieved.

The current cultural, political, and social framework of the U.S. and the EU leads to different rationales for implementing work-life programs. While U.S. companies generally offer work-life programs as a competitive advantage, the EU mandates them as a function of social responsibility. However, the effects of the work-life programs demonstrate that competitive advantage and social responsibility are not opposite goals but intertwined: companies gain a competitive advantage from recruiting, retention, productivity increases and better customer service while also helping the society in which they operate.

Are work-life balance programs a case of social responsibility or competitive advantage? According to Jim Bird, “it is not an either or question, and looking at it as one is what has hurt both its advocates and the businesses who are trying to address it.” It is not a case of - do we address work-life balance and increase costs and decrease profits? - or - do we increase profits and not address work-life balance? The “right” work-life programs definitely offer a competitive advantage in recruiting, retention, productivity and customer service levels - and as a result profitability. Work-life balance programs are definitely competitive advantage but not to the

²⁰ Jim Bird, CEO of Worklifebalance.com.

exclusion of social responsibility. In the past, companies embraced a social issue and made it a business issue.²¹

²¹ Jim Bird, CEO of Worklifebalance.com.

APPENDIX

Figure 1

Friends and Community

Self



Family

Work

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Figure 2

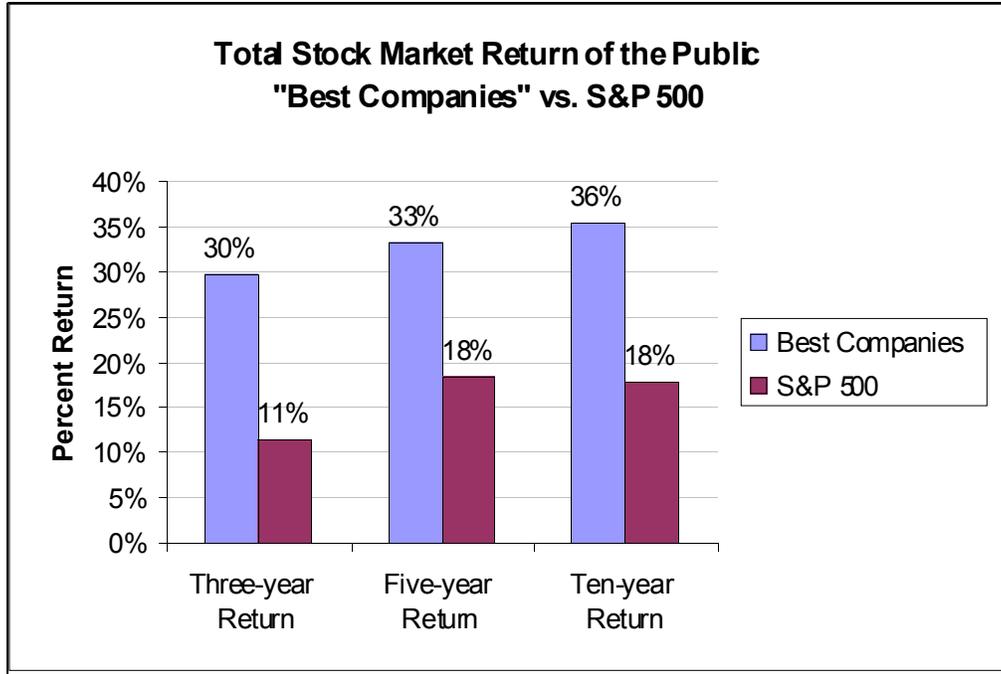


Figure 3

PRODUCTIVITY EXPECTATIONS: SAMPLE OF VARIOUS INDUSTRIES			
	More Productive	No Change	Average Productivity Increase
Airline	95%	5%	22%
Banking	98%	2%	25%
Chemicals	81%	19%	17%
Financial Services	99%	1%	24%
Healthcare	95%	5%	21%
Office Equipment and Field Services	91%	9%	39%
Pharmaceutical	92%	8%	19%
Retail	99%	1%	28%
Software	93%	7%	26%
Overall (all industries)	91%	9%	24%