

Mastering People Management

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Rewards worth waiting for: how compensation supports strategy

PAGES 2-3 When it comes to paying employees, managers can be more interested in being consistent with industry practice than in doing things differently to create a competitive advantage. Salaries, bonuses and options are regarded as a cost of doing business rather than as an investment. Yet companies can use reward programmes to drive strategy and reinforce values. Tom Wilson examines the options.

When employees act like owners

PAGES 4-5 Employee share plans aim to persuade workers to think and behave like owners — and their use is on the rise. Martin Conyon and Richard Freeman review the schemes on offer and present the evidence that justifies their popularity.

The job as a life experience

PAGES 6-8 People have been rethinking the relationship between their working and private lives for several years, say John Kimberly and Elizabeth Craig, and the recent terrorist attacks have brought the debate into sharper focus.

Corporate help for working families

PAGES 10-11 Families with a working single-parent or with both parents in full-time jobs have become the norm. Stewart Friedman and Ellen Galinsky find that, as demand for childcare grows, companies have to think of new ways to help.

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Corporate help is at hand for working parents

As demand for childcare from working parents grows, companies have to be more creative in their provision. **Stewart Friedman** and **Ellen Galinsky** outline the latest developments

Families with a working single parent or with both parents in full-time jobs have become the norm in the developed world and even among the growing middle class in some developing countries. As this trend continues, the need for novel and effective arrangements for the care of young children continues to grow. Although government policies in support of these efforts are evolving, the burden has been largely borne by private businesses in a number of countries. While companies have made considerable progress, the growth of their initiatives faces substantial obstacles, particularly as the economy weakens.

In the past decade, companies have tried to address the personal and family needs of their employees. Our September 2000 survey shows that leading US companies have moved from single-issue programmes and policies to meet the needs of employees with young children towards a more strategic, comprehensive approach. Many approaches are based on giving autonomy to employees about where, when and how they work.

Also, the number of creative public-private partnerships has grown. In the process, some companies have taken an interest in the care of all children, not just those of their own employees. These companies are redefining their relationship with the community. Yet in a competitive world, businesses and community organisations face considerable challenges in advancing such programmes.

Accomplishments

Two major trends are evident in the US. First, family-friendly policies have grown from a piecemeal collection of human resources benefits into a social movement characterised by a strategic, integrated approach. Unlike a decade ago, when the emphasis was on dependent care, many companies now offer comprehensive services that support the co-ordination of work and personal life. Second, and perhaps more importantly, workplace innovations increasingly depend on external stakeholders, such as communities, schools and government.

Companies give several reasons for supporting workers in their family or personal roles. Foremost is increasing competition in the so-called "war for talent" – the desire to recruit and



retain the best employees – and the sense that helping staff to integrate work and personal life increases their desire to go the extra mile for the company.

As employees have become more diverse, with a variety of lifestyles and family structures, companies have set up task forces and committees to help resolve work-life issues using a range of programmes. Training is needed to ensure that employees are aware of how to make these programmes useful and that supervisors support their implementation.

Multinational companies such as Merrill Lynch and Glaxo offer programmes including childcare centres, summer camps, flexible work arrangements, help with dependents, resource and referral for childcare, tuition, adoption reimbursement and parenting education. They also offer back-up childcare, family childcare homes, before- and after-school programmes, family leave, flexible work arrangements, wellness programmes and campaigns for women's achievement.

Rather than imposing a standardised programme, some US companies such as Verizon Communications, Allstate and Prudential have designed flexible programmes to meet the needs

of employees. These programmes (in addition to those described above) include family illness days, college scholarships and preparation, summer camp, dependent care grants, lactation facilities, parenting seminars and materials, adoption assistance, employee recreation events and discounts, resource and referral.

Applying a comprehensive approach to work-life initiatives is not limited to large companies. Even small start-ups with limited resources realise the importance of a comprehensive work-life programme. For example, ECS, an environmental risk management specialist in the US, offers flexible hours, reimbursement of tuition fees, resource and referral services, extended parental leave, health programmes, adoption leave with subsidies and on-site childcare.

Federal agencies are also adopting a comprehensive approach. The US Department of Justice, for example, has recently created a comprehensive work-life programme. Such programmes would have been unthinkable 10 years ago.

Similar approaches are also evident in academia, for example at New York University. A decade ago the university had no maternity leave other than

the statutory minimum of six weeks of disability. Now, faculty members get a year off for the birth or adoption of a baby. This helps to level the playing field for female academics and encourages men to become more involved in family life.

Implementing such flexibility is never easy. Companies must continue to educate managers on the value of workplace flexibility and its compatibility with superior business results. At the heart of these approaches is a respect for employees' choices.

Partnerships

Companies no longer assume they can address employees' work-life issues alone. They are increasingly becoming involved in some sort of public-private partnership to address childcare or education needs.

In the US, such partnerships are developing at local, state and national levels. Some are aimed at improving the quality of, and access to, childcare and school-age care programmes; increasing the number of accredited programmes; and improving training and pay for providers. According to a survey by the Families and Work Institute, 11 per cent of companies



Stewart D. Friedman is practice professor at the Wharton School of the University of Pennsylvania and director of the Wharton Work-Life Integration Project.



Ellen Galinsky is president of the Families and Work Institute.

with 100 or more employees are involved in partnerships between the public and private sectors.

For example, the American Business Collaboration for Quality Dependent Care (ABC) is a group of companies that aims to improve child and elderly care. Between 1995 and 2000, 18 lead companies and 50 local partners invested \$100m to ensure high-quality dependent care services in communities for ABC employees.

The group invests in communities that have large employee populations, as well as communities with critical business or employee needs. The needs of collaborating companies and employees shape the community strategy. Detailed assessments begin the process by determining workers' needs and care availability. The results are used to develop projects that aim to address specific issues. Participating companies make the final decision on whether to fund these projects.

Some companies have their own funds to foster private-public collaboration. These include major companies such as IBM, AT&T, Lucent Technologies, Johnson & Johnson and Merrill Lynch, which together have allocated over \$100m to programmes. Such programmes have forged partnerships with local and state governments, universities and other social organisations. Companies have come to believe that it is partly their responsibility to address childcare and education, not only for their employees, but for all children. Collaboration and public-private partnerships are seen as the best way forward.

These companies believe that services for their employees cannot be improved without significant improvements in early childhood care. A number take the view that public-private partnerships can be more effective in bringing about change than federal and state governments have been. In fact, Marriott has helped establish a group to address public policy, called Corporate Voices for Working Families. However, some business leaders remain wary of partnerships because they worry about becoming bogged down in bureaucracy.

These activities demonstrate that companies are expanding their definition of community as they enlarge their sense of responsibility – to the communities where their employees live, and even nationally (a trend that has become even more pronounced since September 11).

Doing business

Communications technologies have led to changes in traditional business models. Boundaries between work and other domains are becoming more permeable, and the speed with which we can move across these domains is increasing. Time at work can be used more intelligently, with a greater share of it dedicated to customers and other external stakeholders, including home and community, and less to low-value activities. At the same time, staying connected with people at work, at home and in the community is getting easier.

Yet these changes bring potential

People are bringing a new set of values to their careers and want to make a contribution to work and to society

conflicts as well. The number of hours worked (often on site) is still used as a primary measure of an individual's productivity and commitment, even when a straightforward connection between time at work and results no longer holds. More creativity will be needed when measuring people's contributions.

Towards this end, Ford has launched a leadership development initiative for high-potential middle managers. Participants are required to experiment and demonstrate how they can improve results by integrating work, home and community lives. They receive feedback from participants and have to show that they can accomplish things without the constraints of place and fixed schedules. This experiment is expected to yield lessons on how to use communications technology and leadership methods, carrying a message of cultural transformation based on real-life examples.

Although respect for the employee and empowerment are at the core of the progress companies have made in the past decade, other forces are at play. Employees are expressing a greater need for control of their destinies. They are bringing a new set of values to their careers, with a greater emphasis on being able to make meaningful contributions to work and to society. Because the nature of organisations is shifting from hierarchical to horizontal and the need for teams is growing, it is only natural that employees exert more control, not just at work but in their whole lives, of which work is one part.

Yet, empowerment can challenge a workplace that is used to command and control. So, companies have to work out partnerships that combine autonomy with accountability. The key to successful change is to focus on results.

Another challenge is that boundaries between work and family life are blurring. For example, a May 2001 study called "Feeling Overworked" by the Families and Work Institute found that 41 per cent of employees are using technology to do their jobs during non-work hours and non-work days. This can result in the "every time, every place" work environment, or, on the other hand, it can lead to a better integration of work with personal life. The former extends the burdens and stress of work beyond the work place, while the latter seeks to allow greater personal freedom and choices for employees.

Job design must allow for the full range of employees' needs, rather than allowing flexibility only when the job structure permits it. Many more decision-makers will be in dual-career families themselves and will be younger.

Changes in how business gets done could make it easier for working parents to be more available to their children, both physically and psychologically; with greater flexibility and control parents are better able to focus on their children's needs. Yet, the need for childcare by other adults will continue to remain strong – indeed, to grow – and this need is most pronounced at the lower end of the socio-economic ladder.

Support

The need for childcare is especially problematic for low-wage earners. For far too many parents, the availability of adequate childcare can mean the difference between working and not working. Leading companies are coming up with novel ways to provide services for low-wage earners but there is a long way to go before we see universal access to early childhood education and care in advanced economies.

One group of employees that typically have little access to work-life assistance is the childcare workforce. Bright Horizons Family Solutions, a childcare provider, provides childcare to its teachers at half-price and recently began offering a back-up childcare option to employees. This company is the only childcare organisation ever to be named to the Fortune 100 Best Companies list.

The growing acceptance of family diversity has led to an increased awareness that the needs of low-income and hourly employees have

not been met adequately. This is an area in which private-public partnerships could make a real difference and to which resources must be applied.

The obstacles are substantial. Some employers whose workforce is dominated by low-wage employees, for example, have studied on-site childcare many times, but have never built a centre because there is not enough interest. Lower-paid employees may not use licensed care facilities because of cost constraints and instead use a neighbour, friend, or family member or split shifts with their spouse.

What next?

Companies have moved from single-issue programmes and policies to meet the needs of employees with young children to a more strategic, comprehensive approach. This approach is based on granting more respect and autonomy to employees about where, when and how they work, and developing the tools to make their decision-making more effective.

Companies are engaging in more public-private partnerships and these experiences have led some corporate leaders to tackle the childcare needs of all children, not just those of their own employees. These companies are redefining the connection between company and community.

These changes could be either positive or negative for working families and their children. However, if employed parents, their employers and their social institutions develop programmes that invest in the whole lives of employees, the result will be a more productive workplace and a healthier and safer community – where children can continue to develop, learn and thrive as they seek their place in society.



Further reading

- Brownfield, E. (2001) *The Time Crunch: Work redesign and management in a 24-7 economy*, New York: Families and Work Institute.
- Friedman, S.D. and Greenhaus, J.H. (2000) *Work and Family – Allies or Enemies?*, Oxford: University Press.
- Galinsky, E. (2000) *Ask the Children: The breakthrough study that reveals how to succeed at work and at parenting*, New York: Quill.
- Galinsky, E., Skim, S.S. and Bond, J.T. (2001) *Feeling Overworked: When work becomes too much*, New York: Families and Work Institute.
- <http://www.familiesandwork.org> and <http://worklife.wharton.upenn.edu> contain summaries of studies by the authors.



Signpost

See the article on women, management and careers in part eight, December 3.

Your guide to Mastering People Management

Week 1 Oct 15

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- Classic mistakes to change
- Setting ethical standards

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- Strategic HR management
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- Fair process

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Week 5 Nov 12

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Week 6 Nov 19

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Week 8 Dec 3

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- Women management and careers
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Useful information

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www.masteringpeoplemanagement.com
 +44 (0)20 3762 8383 or email
ftmember@wharton.upenn.edu
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 or +44 (0)1379 622326

School co-ordinators:

Wharton: Meghan Liska
 Insead: Hella Jansen

INSEAD Wharton

The Wharton School
 University of Pennsylvania

Editorial team

Executive editor: James H. Poterba
 Subeditor: Tony Quinn
 Design editor: David Ward
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