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The Business Imperative for Building More Flexible and Effective Workplaces

Ellen Galinsky and Lois Backon

Families and Work Institute

March 30, 2011



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First, a look at the U.S. workforce:

Work and Family Lives Have Changed

W H E N W O R K W O R K S

Findings based on:

National Study of the Changing Workforce

- Largest, most comprehensive, on-going study of the U.S. workforce and their lives on and off the job
- It builds on the Department of Labor's 1977 Quality of Employment Survey
- Has been conducted by Families and Work Institute in 1992, 1997, 2002 and 2008
- Total sample comprises 2,769 wage and salaried employees
- 2008 response rate was 54.6%. Completion rate was 99.0%
- Sample error is +/- 1%

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W H E N W O R K W O R K S

The Demographics of the U.S. Workforce Have Changed from 1977 to 2008

- There are more employees age 40 and older – up from 39% in 1977 to 68% in 2008
- There are more people of color – up from 12% in 1977 to 21% in 2008; among employees under age 29, the percentage of people of color increased from 13% in 1977 to 39% in 2008
- There are more dual-earner couples – up from 66% in 1977 to 79% in 2008
- Women are in the workforce in almost equal numbers as men

Source: 1977 Quality of Employment Survey (QES), 2008 National Study of the Changing Workforce (NSCW), Families and Work Institute (FWI) 4

W H E N W O R K W O R K S

Women's Level of Education Has Increased Relative to Men's

- According to the U.S. Department of Education, women have been earning more bachelor's degrees than men since 1982 and more master's degrees than men since 1981
- In the 2005-2006 academic year, women earned 58% of all bachelor's degrees and 60% of all master's degrees
- By 2016, women are projected to earn 60% of bachelor's, 63% of master's and 54% of doctorate and professional degrees

Source: National Center for Education Statistics 5

W H E N W O R K W O R K S

For the First Time, Young Women and Young Men Don't Differ in Their Desire for Jobs with More Responsibility

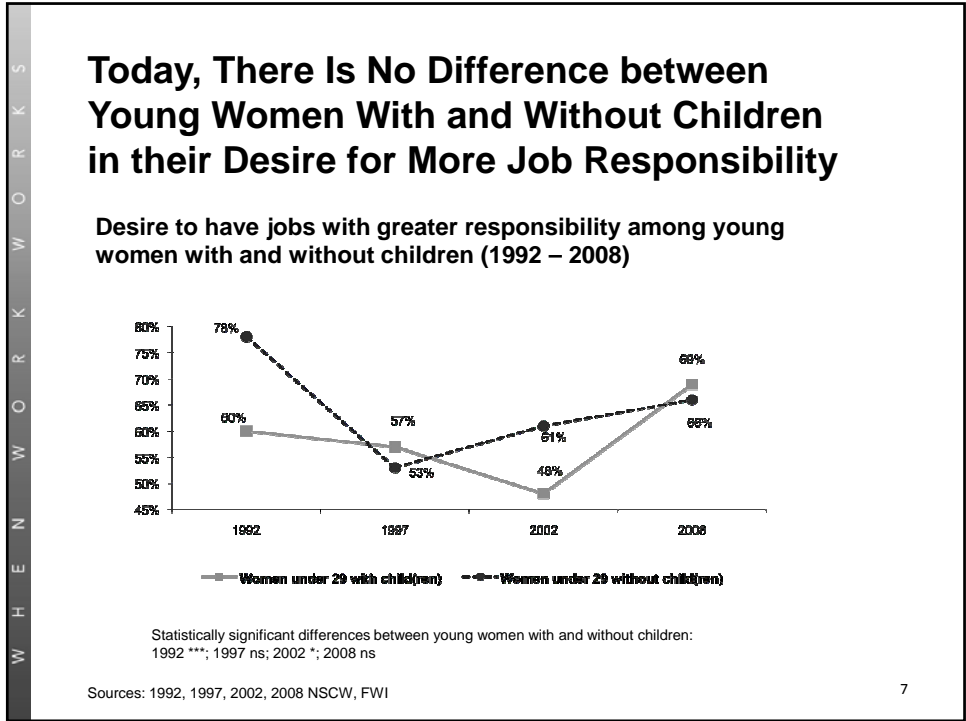
Young men's and women's desire to have jobs with greater responsibility (1992 – 2008)

| Year | Men under 29 (Millennials in 2008) | Women under 29 (Millennials in 2008) |
|------|------------------------------------|--------------------------------------|
| 1992 | 86% | 72% |
| 1997 | 61% | 54% |
| 2002 | 68% | 65% |
| 2008 | 67% | 68% |

Men under 29 (Millennials in 2008)
 Women under 29 (Millennials in 2008)

Statistically significant differences between men and women: 1992 **; 1997 *; 2002 **; 2008 ns
 Statistical significance: *** = p < .001, ** = p < .01, * = p < .05, ns = not significant

Sources: 1992, 1997, 2002, 2008 National Study of the Changing Workforce (NSCW), Families and Work Institute (FWI) 6



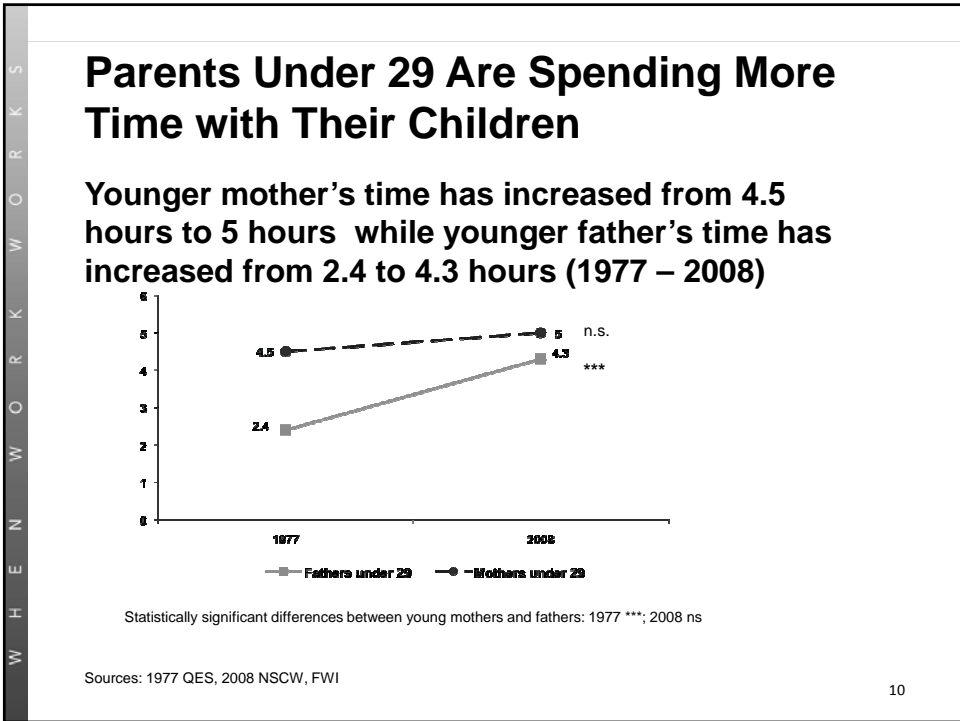
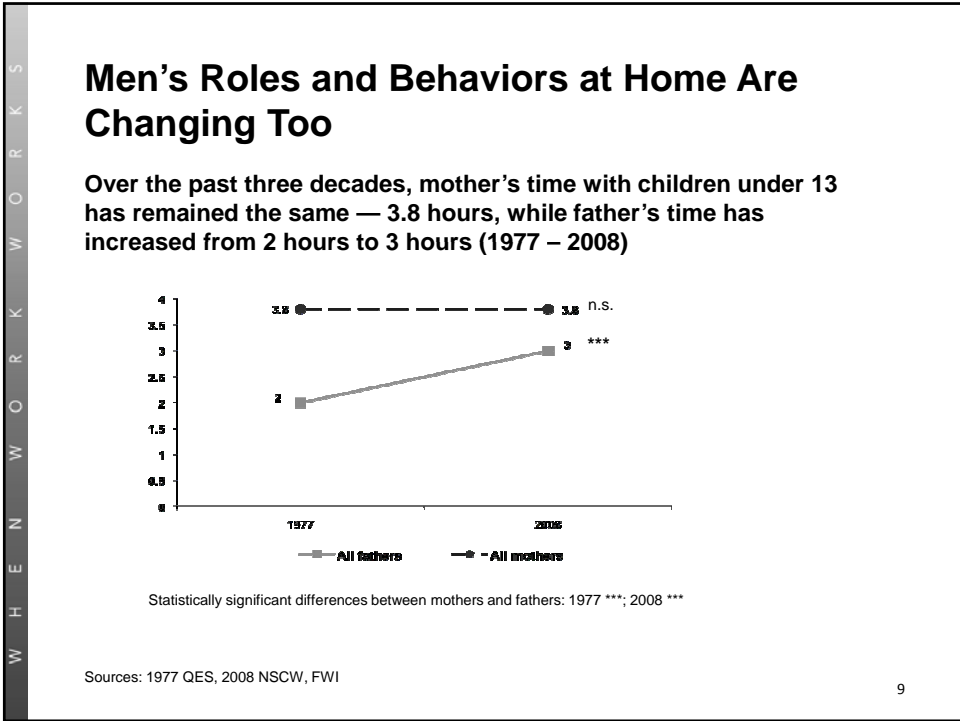
W H E N W O R K W O R K S

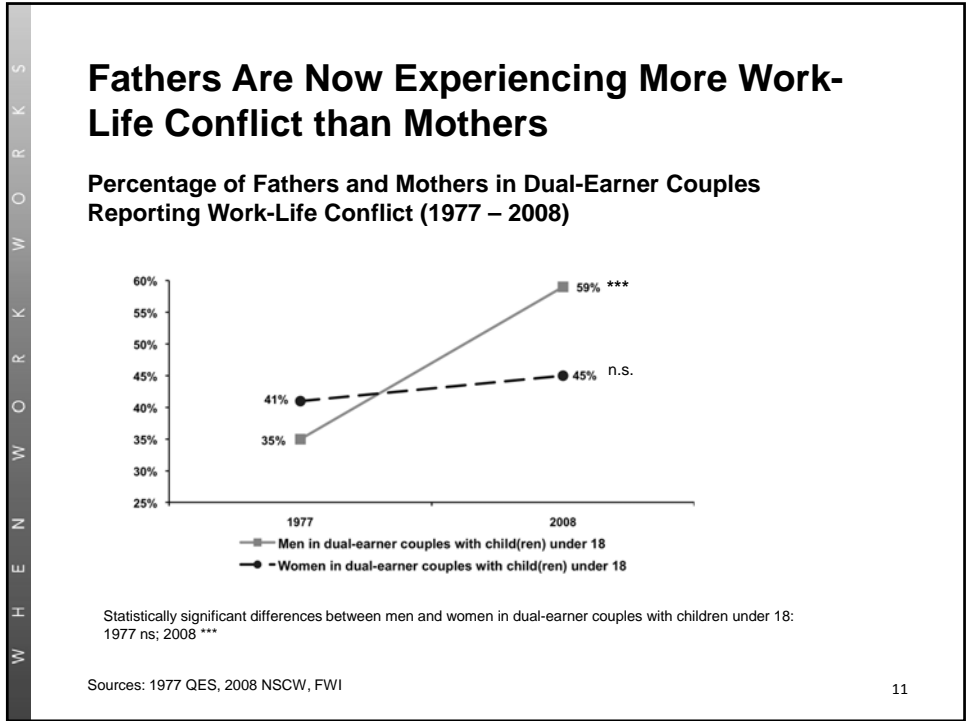
Women in Dual-Earner Couples Are Contributing More to Family Income

- In 2008, employed women in dual-earner couples contributed an average of 44% of family income, up from 39% in 1997
- In 2008, just more than one in four (26%) of women in dual-earner couples had annual earnings at least 10 percentage points higher than their spouses/ partners compared with 15% in 1997

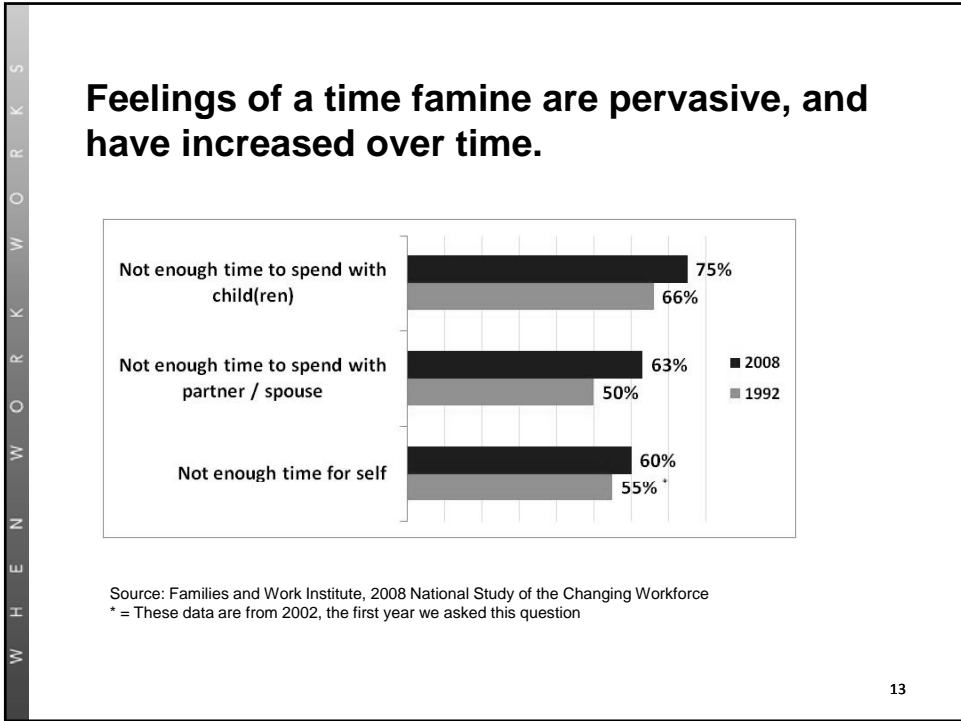
Sources: 1977 QES, 2008 NSCW, FWI

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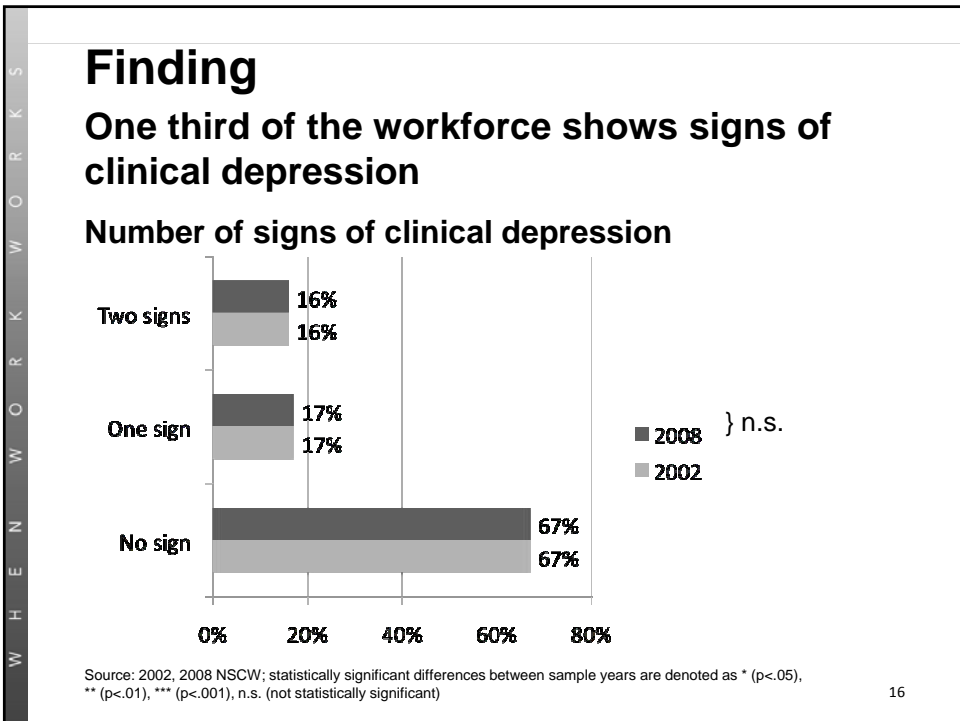
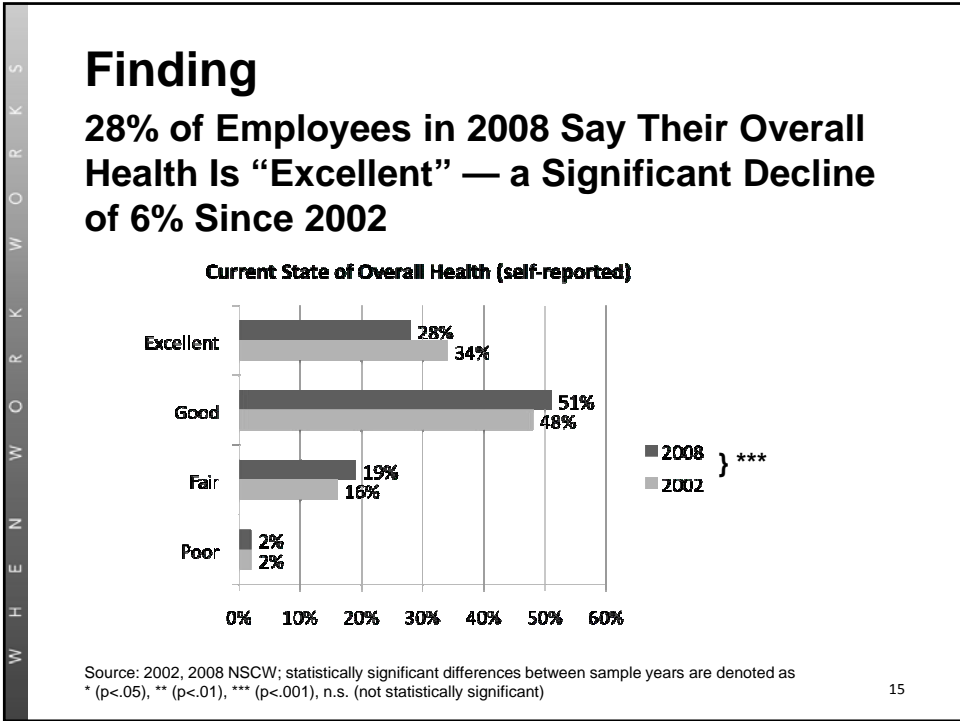
- WHEN WORK WORKS
- ### Nearly 1 in 5 Employees Currently Provides Elder Care and 1 in 2 Employees Expects to Provide Elder Care within the Next Five Years
- 17% of employees currently provide special care for a relative or in-law over age 65 – men and women alike
 - 42% of employees have provided special care for a relative or in-law over age 65 within the past five years
 - 49% of employees expect to provide special care for a relative or in-law over age 65 within the next five years
- 12

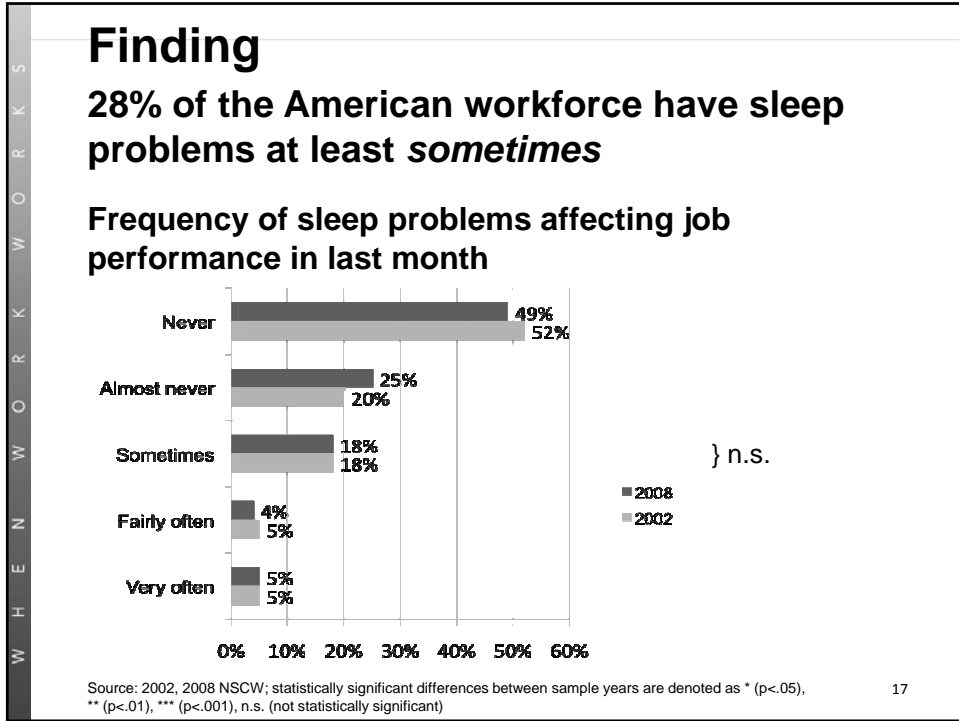


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The Health of U.S. Employees Has Declined

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WHEN WORKWORKS

Finding

Stress Levels Are Rising

The National Study of the Changing Workforce includes a five-item standardized measure of perceived stress that has been linked to physical health problems in other research. The questions are:

In the *last month*, how often have you felt...

- nervous and stressed?
- that you were unable to control the important things in your life?
- confident about your ability to handle your personal problems?
- that things were going your way?
- that difficulties were piling up so high that you could not overcome them?

41% of employees report experiencing three or more indicators of stress *sometimes, often or very often* — an increase since 2002 — and something that children note

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An Effective Workplace Can Make a Difference

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We Look At Flexibility As One Component Of Effective Workplaces

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Job Challenge and Learning

- My job lets me use my skills and abilities
- The work I do is meaningful to me
- My job requires that I be creative
- I get to do different things on my job
- My job requires that I keep learning new things

Autonomy

- I have a lot of say about what happens on my job
- I have the freedom to decide what I do on my job
- I can be myself on the job

Work-Life Fit

- My supervisor cares about the effect of work on my personal/family life
- My supervisors is responsive when I have personal/family business
- I have the co-worker support I need to successfully manage my work and family life
- I have the schedule flexibility I need to successfully manage my work and family life
- My work schedule/shift meets my needs

Supervisor Task Support

- My supervisor is supportive when I have a work problem
- My supervisor recognizes when I do a good job
- My supervisor keeps me informed of things I need to know to do my job well

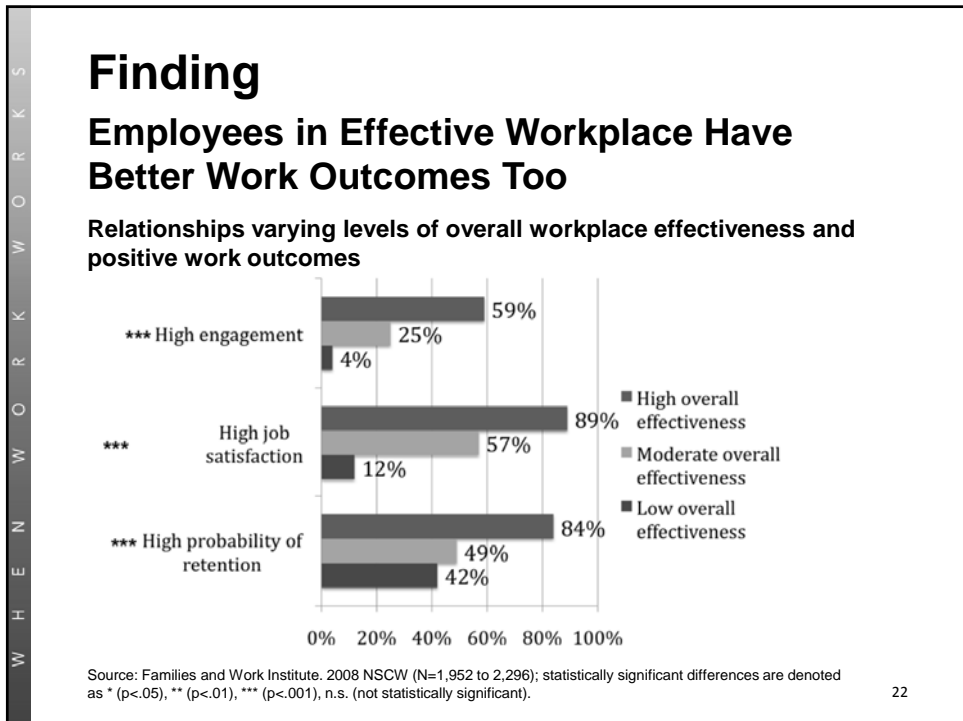
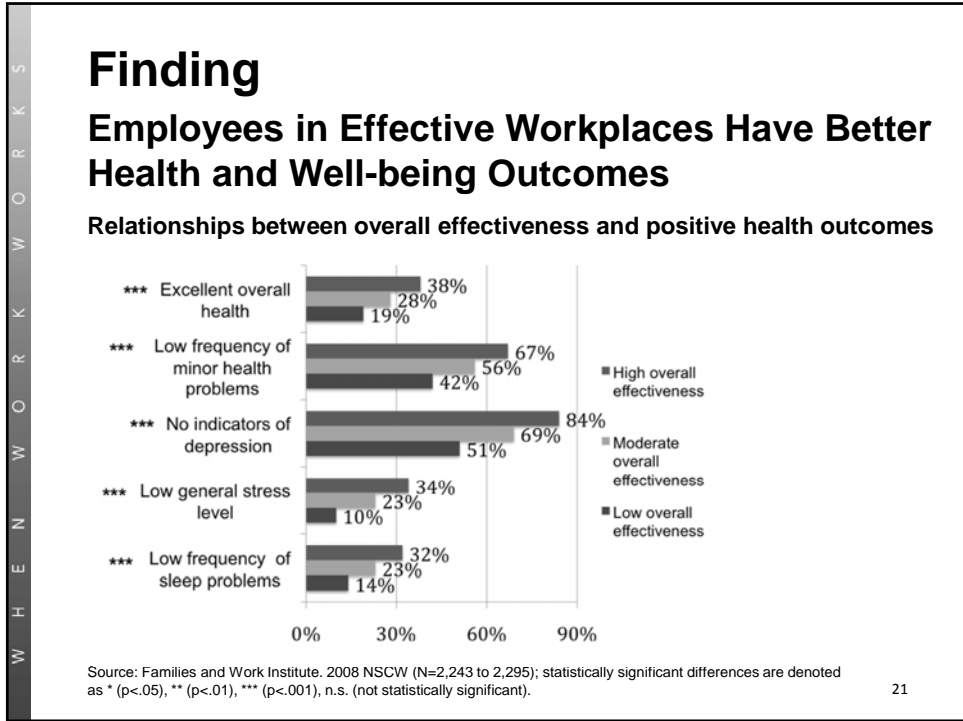
Climate of Respect and Trust

- I trust what our managers say
- My managers deal ethically with employees and clients
- My managers seek information and new ideas from employees

Economic Security

- I am satisfied with my earning from my job
- I am satisfied with my benefits from my job
- I am satisfied with my opportunities for career advancement

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W H E N W O R K W O R K S

Finding

Some Aspects of an Effective Workplace Are More Important than Others in Affecting Health and Well-being Outcomes

Effective workplace dimensions significantly predicting health outcomes rank-ordered by relative importance

| | Better overall health | Less frequent minor health problems | Fewer signs of depression | Less frequent sleep problems | Lower stress level |
|----------------------|-------------------------------|-------------------------------------|---------------------------|-------------------------------|----------------------------|
| 1. Economic Security | 1. Economic Security | 1. Economic Security | 1. Economic Security | 1. Economic Security | 1. Economic Security |
| 2. Work-Life Fit | 2. Autonomy | 2. Autonomy | 2. Autonomy | 2. Work-Life Fit | 2. Work-Life Fit |
| | 3. Work-Life Fit | 3. Work-Life Fit | 3. Work-Life Fit | 3. Autonomy | 3. Autonomy |
| | 4. Job Challenge and Learning | | | 4. Job Challenge and Learning | 4. Supervisor Task Support |

Source: Families and Work Institute. 2008 NSCW (N=2,471 to 2,769).

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W H E N W O R K W O R K S

Finding

Some aspects of an effective workplace are more important than others in affecting work outcomes

Effective workplace dimensions significantly predicting work outcomes rank-ordered by relative importance

| | Greater engagement | Greater job satisfaction | Greater probability of retention |
|-------------------------------|-------------------------------|-------------------------------|----------------------------------|
| 1. Job Challenge and Learning | 1. Economic Security | 1. Economic Security | 1. Economic Security |
| 2. Climate of Respect | 2. Work-Life Fit | 2. Work-Life Fit | 2. Work-Life Fit |
| 3. Autonomy | 3. Climate of Respect | 3. Climate of Respect | 3. Job Challenge and Learning |
| 4. Work-Life Fit | 4. Autonomy | 4. Autonomy | 4. Supervisor Task Support |
| 5. Economic Security | 5. Supervisor Task Support | 5. Supervisor Task Support | 5. Autonomy |
| 6. Supervisor Task Support | 6. Job Challenge and Learning | 6. Job Challenge and Learning | |

Source: Families and Work Institute. 2008 NSCW (N=2,470 to 2,769).

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Next, a look at flexibility among different sectors and segments of the workforce

**There is a Great Deal of Variety
Among Employers**

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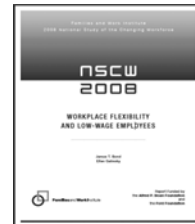
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**Findings based on:
Further analysis of NSCW data**

- FWI is preparing 10 reports looking at flexibility in different sectors and segments of the workforce, including:
 - ✓ Health Services Industry
 - ✓ Small Employers
 - ✓ Low-Wage Employees
 - ✓ Manufacturing Industry
 - ✓ Retail
- Prepared for the National Dialogue on Workplace Flexibility, hosted by the U.S. Department of Labor's Women's Bureau
- Reports released at events held around the country from October 2010 through June 2011



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W H E N W O R K W O R K S

Finding: Health Services

Employees in health services value flexibility more than employees in other sectors

| | Total – All Wage and Salaried Employees (n=2,769) | Employees in the Health Services Industry (n=352) | Sig. | Employees in Other Industries (n=2,414) |
|--|---|---|------|---|
| Value of having the flexibility I need to manage my work and personal or family life when deciding to take a new job | | | | |
| Extremely important | 41% | 49% | *** | 39% |
| Very important | 47 | 42 | | 48 |
| Somewhat important | 12 | 8 | | 13 |
| Not important | 1 | 1 | | 1 |

Source: Families and Work Institute; 2008 National Study of the Changing Workforce
*** = p < .001

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W H E N W O R K W O R K S

Finding: Health Services

Employers in the health services industry recognize the business reasons for offering flexibility

| | Total – All Employers (n=1,100) | Employers With 50 or More Employees in the Health Services Industry (n=113) | Sig. | Employers with 50 or More Employees in Other Industries (n=918) |
|--|---------------------------------|---|------|---|
| Employer View of Flexibility | | | | |
| A 'favor' for individuals | 34% | 25% | | 35% |
| A strategy for meeting organizational goals, such as recruiting or retaining employees | 66% | 75% | * | 65% |

Source: Families and Work Institute; 2008 National Study of the Changing Workforce
*** = p < .001

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W H E N W O R K W O R K S

Finding: Health Services

Employers in health services are providing more flexibility than other sectors

Health service employers are significantly more likely than other employers to offer...

- Choices about and control over shifts
- Periodic flex time
- Daily flex time
- The ability to move between full and part time while remaining in the same position or level
- Part-year work
- Job sharing
- Paid time off for personal illness
- Gradual return to work after childbirth or adoption for all or most of their employees
- Phased retirement
- Sabbaticals
- Paid or unpaid time away from work for education or training
- Extended career breaks for caregiving
- Special consideration when returning to work after an extended career break

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W H E N W O R K W O R K S

Finding: Small Organizations

The smaller the worksite, the more likely employees are to report receiving:

- Control over their work schedules
- Part-year schedules
- Flexibility in moving between part-time and full-time jobs

However, employees at small worksites are less likely to have access to some paid time off flexibility.

On the other hand, employees at small worksites are more likely to disagree that there is jeopardy for using flexibility and are likely to have more supervisor support in doing so.

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W H E N W O R K W O R K S

Finding: Low-Wage

Low-wage employees are less likely to have access to flex time and flex place than higher-wage employees

However, having greater flexibility on the job reduces differences in outcomes between low-wage and higher-wage employees

| Outcomes | Low-Wage Employees | | | | Higher-Wage Employees | | | |
|--|-------------------------------|-----|------|------|-------------------------------|-----|------|------|
| | Overall Workplace Flexibility | | | | Overall Workplace Flexibility | | | |
| | Low | Mid | High | Sig. | Low | Mid | High | Sig. |
| Job Satisfaction: | | | | | | | | |
| Low | 49% | 23% | 16% | *** | 38% | 21% | 9% | *** |
| Mid | 36 | 33 | 22 | | 35 | 34 | 29 | |
| High | 15 | 44 | 62 | | 27 | 46 | 62 | |
| Job Engagement: | | | | | | | | |
| Low | 44% | 24% | 15% | *** | 32% | 25% | 14% | *** |
| Mid | 47 | 44 | 46 | | 48 | 51 | 49 | |
| High | 9 | 32 | 38 | | 20 | 24 | 37 | |
| Likelihood of Remaining with Current Employer: | | | | | | | | |
| Low | 31% | 27% | 24% | *** | 19% | 10% | 5% | *** |
| Mid | 41 | 26 | 24 | | 25 | 21 | 16 | |
| High | 28 | 47 | 53 | | 57 | 69 | 79 | |

Source: Families and Work Institute; 2008 National Study of the Changing Workforce
 *** = p < .001

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W H E N W O R K W O R K S

Finding: Manufacturing

Employees in manufacturing are more likely to use scheduled flexibility than unscheduled flexibility

For example:

- 77% use flex time
- 69% use short notice flexibility less than once a year or never

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W H E N W O R K W O R K S

Finding: Retail

48% of retail employees are not “very likely” to find a new job within the next year.

Of those who will not make a genuine effort to leave soon, they plan to stay with their employer an average of 11.2 years.

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W H E N W O R K W O R K S

Finding: Retail

Access to flexibility is linked to increased retention plans

| Workplace flexibility options | Average number of years planning to stay with current employer | Sig. |
|--|--|------|
| Overall, how much control would you say you have in scheduling your work hours? (n=181) | | |
| Complete | 22.9 years | ** |
| A lot | 7.6 | |
| Some | 8.9 | |
| Very little | 4.6 | |
| None | 6.8 | |
| How hard is it for you to take time off during your work day to take care of personal or family matters? (n=181) | | |
| Not at all hard | 19.1 years | ** |
| Not too hard | 6.1 | |
| Somewhat hard | 6.2 | |
| Very hard | 6.0 | |
| Level of overall access to flexibility (n=181) | | |
| High | 20.6 years | *** |
| Mid | 6.8 | |
| Low | 5.3 | |
| Level of overall supervisor support (n=171) | | |
| High | 24.1 years | *** |
| Mid | 7.5 | |
| Low | 3.1 | |
| Level of overall job satisfaction (n=144) | | |
| High | 19.6 years | *** |
| Mid | 5.6 | |
| Low | 2.3 | |

Source: Families and Work Institute; 2008 National Study of the Changing Workforce
 *** = p < .001; ** = p < .01

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Research to Action

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When Work Works New Partnership between FWI and SHRM to:

- Conduct and share research with employers on how effective and flexible workplaces can benefit employers and employees;
- Provide information and resources – from webinars to “how-to” kits – that will help businesses successfully implement workplace flexibility;
- Continue to offer the Alfred P. Sloan Awards to honor employers that are leading the way on effective and flexible workplace strategies;
- Share the best and most cost-effective practices that boost productivity and encourage innovation, primarily through the *Guide to Bold New Ideas, a resource that showcases the Sloan award recipients*;
- *Host an annual work-life thought leadership conference, the first of which will be held in Washington, D.C. from November 8–10, 2011.*



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W H E N W O R K W O R K S

2011 Sloan Awards

Recognizing business excellence in workplace effectiveness and flexibility

Employers of all sizes are invited to apply for a chance to receive the coveted award and for an opportunity to see how their practices measure up against other leading organizations. The awards are:

- Worksite-based
- Applicants must rank among the top 20% of employers nationally
- Includes an employee survey

APPLY TODAY at www.whenworkworks.org

Applications open through May 27, 2011 for “At Large” Category

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W H E N W O R K W O R K S

Sloan Award Benchmarking Report

Available to all applicants free of charge

☛ Flex Time and Place

Q3. Does your organization allow at least some groups of employees to periodically change starting and quitting times on short notice when special needs arise?

| | Your Organization | 2010 Applicants | 2010 Winners | 2008 National Study of Employers |
|-----|-------------------|-----------------|--------------|----------------------------------|
| Yes | X | 100% | 100% | 79% |
| No | | <1 | 0 | 21 |

- Comprehensive assessment of programs, practices and culture
- Employer and employee data

EE10. How hard is it for you to take time off during your workday to take care of personal or family matters?

| | Your Employees' Responses | All 2010 Finalists | All 2010 Winners | 2008 National Study of the Changing Workforce |
|-----------------|---------------------------|--------------------|------------------|---|
| Very hard | 3% | 4% | 3% | 13% |
| Somewhat hard | 14 | 13 | 11 | 20 |
| Not too hard | 48 | 40 | 41 | 30 |
| Not at all hard | 35 | 43 | 46 | 37 |

- Compare to other applicants and winners, and to nationally representative samples

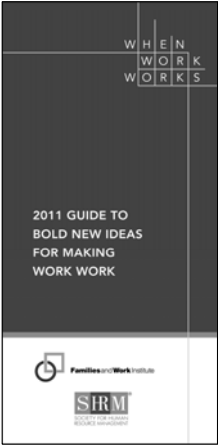
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2011 Guide to Bold New Ideas for Making Work Work

Featuring Promising Practices from Sloan Award winners

- 425 employers
- All sizes and industries
- Highlight business imperative for effective and flexible workplaces



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The Guide Provides Many Examples of Promising Practices of Flexibility...

In Health Services Industry
Bon Secours Health System
 20,000 employees in U.S.
 Program: Phasing into retirement

In Small Organizations
Menlo Innovations
 15 employees at winning worksite
 Program: Creating a sustainable work pace to avoid burnout

For Low-Wage Employees
Courtyard by Marriott Melbourne-West
 31 employees at winning worksite
 Program: Maintaining employees' hours during the economic downturn

In Manufacturing Industry
Intel Corporation
 9,799 employees at winning site
 Program: Compressed work weeks and sabbaticals

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W H E N W O R K W O R K S

There Are Many Other Examples of Promising Practices

BDO USA, LLP
Professional Services, Accounting, Consulting
2,500 employees in the U.S.
Program: Rotating compressed workweeks for administrative staff

Margolin, Winer and Evens, LLP
Certified Public Accountants and Business Advisors
189 employees at the winning worksite
Program: Partially paid summer sabbaticals

Cisco Systems Inc.
Technology Solutions
6,700 employees at the winning worksite
Program: Cisco's "Off/On Ramp"

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W H E N W O R K W O R K S

Other Promising Practices (Continued)

Dow Chemical Company
Chemical Company
600 employees at winning worksite
Program: Phasing retirement

El Paso Corporation
Natural Gas Company
5,200 employees in the U.S.
Program: Flex-Forty and evaluating flexibility

1-800 CONTACTS, Inc.
Direct-to-Consumer Retail Contact Business
750 employees at winning worksite
Program: Using technology to increase flexibility

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Other Promising Practices (Continued)

Deloitte LLP
Audit, Consulting, Financial Advisory and Tax Services
37,000 employees in the U.S.
Program: Mass career customization

U.S. Navy
Branch of the United States Armed Forces
430,400 personnel
Program: Top 50 Initiative

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Lessons Learned

- The solution has to fit the problem – and it has to work for *both* the employee and the employer
- Be clear about metrics for success
- Involve top and middle managers
- Create a culture of flexibility
- Pilot, pilot, pilot!
- Develop checkpoints to assess results and improve or make adjustments as necessary
- Communicate
- Recognize and reward managers who use flexibility effectively

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For more information

About the **FWI – SHRM** partnership:

www.movingworkforward.org

About the **2011 Guide to Bold New Ideas for Making Work Work:**

<http://shrmstore.shrm.org/>

About **FWI Research Reports:**

www.familiesandwork.org

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For more information

About the **2011 Sloan Awards:**

www.whenworkworks.org

Questions? To learn more about the Sloan Award application and the benchmarking opportunities, please contact:

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