

Special Report

Work-life balance

# Life beyond pay

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**Are you a “binge worker” ? Do you “chunk” your career? Companies are having to find new ways to attract and retain skilled workers**



Getty Images

A NEW magazine was published in America this month. *Success* is the resurrection of a title first published in 1897 by Orison Swett Marden, an entrepreneur and author of a series of self-help books, including “Getting the Most Out of Life”. The magazine’s publisher, Joseph Guerriero, wants today’s *Success* to reflect the contemporary workplace, where, he says, success is measured less by money and titles, and more by what is sweepingly referred to as “work-life balance”. The first issue contains an article about men leaving work to become full-time fathers.

Improving the balance between the working part of the day and the rest of it is a goal of a growing number of workers in rich Western countries. Some are turning away from the ideals of their parents, for whom work always came first; others with scarce skills are demanding more because they know they can get it. Employers, caught between a falling

population of workers and tight controls on immigration, are eager to identify extra perks that will lure more “talent” their way. Just now they are focusing on benefits (especially flexible working) that offer employees more than just pay.

Some companies saw the change of mood some time ago. IBM has more than 50 different programmes promoting work-life balance and Bank of America over 30. But plenty of other firms remain unconvinced and many lack the capacity to cater to such ideas even if they wanted to. Helen Murlis, with Hay Group, a human-resources consultancy, sees a widening gap between firms “at the creative end of employment” and those that are not.

The chief component of almost all schemes to promote work-life balance is flexible working. This allows people to escape rigid nine-to-five schedules and work away from a formal office. IBM says that 40% of its employees today work off the company premises. For many businesses, flexible working is a necessity. Globalisation has spread the hours in which workers need to communicate with each other and increased the call for flexible shifts.

Nella Barkley, an American who advises companies on work-life balance, says that large firms are beginning to understand the value of such schemes, “but only slowly”. For most of them, they still mean little more than child care, health care and flexible working.

Yet some schemes go well beyond these first steps. American Century Investments, an investment manager in Kansas City, pays adoption expenses and the cost of home-fitness equipment for its employees. Rob Marcolina, a gay consultant with Bain & Company based in Los Angeles, was allowed time off to marry his partner in Canada, and another break to look after their daughter when she was born to a surrogate mother. Mr Marcolina, who has an MBA from the high-ranked Kellogg business school, says his employer's understanding makes him want to be “part of Bain for some time”.

Businesses have other good reasons for improving employees' work-life balance. Wegmans Food Markets, a grocery chain based in Rochester, New York, frequently appears near the top of lists of the best employers in America. It has a broad range of flexible-work programmes, which gives it one of the lowest rates of employment turnover in its industry—8% a year for full-time workers, compared with 19% across the industry.

Simple programmes can be surprisingly cost-effective. IBM, for instance, is spending \$50m over five years on “dependant-care” facilities for its employees. Although that sounds generous, it is the equivalent of little more than \$30 for each IBM employee every year. That is far cheaper than a pay rise and probably a better way to retain talented mothers and fathers. Ernst & Young, a global accounting firm, has a low-cost range of initiatives called “People First”. It provides breaks for people to provide care and has over 2,300 flexi-time employees in the United States. James Freer, a senior executive, says he is “absolutely convinced” the initiatives help produce better financial results.

DeAnne Aguirre, a mother of four and a senior partner in San Francisco with Booz Allen Hamilton (BAH), says “it is easy to make the business case” for work-life balance programmes at the consultancy by looking at attrition rates. BAH calculated that it was investing more than \$2m in turning a raw recruit into a partner, an investment it should be reluctant to write off. Corning, an American glass company, reckons that it costs 1.5 times a worker's salary and benefits to replace him. If it can retain just 20 workers a year who would otherwise have left, Corning reckons it would produce annual savings of \$2.6m.

The spread of flexible work has come about at least partly as a result of initiatives to keep women workers. Companies have had to offer extended periods of leave for them to look after dependants (young and old), and flexible working in between. At BAH, women partners take an average of eight-and-a-half extended breaks during their careers. Men take an average of one-and-a-half. Ernst & Young, keen to show that part-time workers can also become partners, recently made the first such appointment in Houston, Texas.

Some of these initiatives are spreading even to the citadels of binge working, such as investment banks. Lehman Brothers has just launched a programme called “Encore” which is aimed at easing back into the industry people who have spent time out of it (which still means mostly women). The scheme offers retraining and promises part-time work thereafter.

Business schools are now climbing on the bandwagon, too. In October Tuck School at Dartmouth, New Hampshire, will start a course on returning to corporate life after an extended absence. Called “Back in Business”, the 16-day, \$12,000 re-entry programme is open only to students with “work experience in a high-potential career”.

The majority will inevitably be mothers wanting to rejoin the workforce. But fathers are also asking for sabbaticals. Work-life balance “is not just a women's issue” any more, says Ted Childs, who is in charge of workforce diversity at IBM. “Men, too, are very concerned about it.”

The demand is being stoked by the “Generation Y”, the under-28s. They look sceptically at the idea of lifetime employment within a single organisation and they are wary of the commitment they believe too often drove their parents to the divorce courts. Hay's Ms Murlis says that today's business-school graduates are “looking for a workstyle to go with their lifestyle”, not the other way round. They are happy to binge-work for a while, but in return want extended sabbaticals in which to chill out.

Many of the more imaginative schemes come from organisations that are not under pressure to report quarterly to Wall Street. Wegmans and American Century Investments are family-controlled businesses and the big accounting firms and consultancies, such as Ernst & Young, KPMG, Bain and BAH, are partnerships. This allows them to take a longer-term view of growth and costs.

To some extent, the proliferation of work-life-balance schemes is a function of today's labour market. Companies in knowledge-based industries worry about the shortage of skills and how they are going to persuade talented people to work for them. Although white-collar workers are more likely to be laid off nowadays, they are also likely to get rehired. Unemployment among college graduates in America is just over 2%. The same competition for scarce talent is evident in Britain.

Just after the dotcom boom ended in 2000, labour-market conditions were very different. Attrition rates shrank then because staff were afraid to leave. Many were offered unpaid sabbaticals for the sake of the firm's health rather than that of the individual. Such conditions may yet recur.

## **The European way**

Europeans suggest that the reason why so many work-life initiatives come first from America is that American firms have more scope for improvement. Paid holidays there, for instance, are considerably shorter than in Europe. Flexible working and the occasional sabbatical may be the local alternative to Europe's longer annual leave, a one-off levelling of the non-pay elements of remuneration in the face of international competition.

The introduction of flexible working, of itself, gives no guarantee that employees' work-life balance will improve. The same technology that enables them to work flexibly from home or on the road also prevents them from ever leaving their office. There are lots of people who choose to sleep close to their mobile phones and their BlackBerries.

Is the fashion for work-life balance here to stay? Plenty of companies eschew such corporate programmes. Martha Stewart Living Omnimedia recently told employees to leave if they were not prepared to work weekends and long evenings over the coming months for no extra reward. Sylvia Ann Hewlett, president of the Centre for Work-Life Policy in New York, says that many workers still have what she calls "extreme jobs". Global responsibilities and "always on" communications leave little room for balance.

Charles Handy, the author of several books on the changing nature of work, says that young workers today are increasingly "chunking" their lives, dividing them into discrete bits. These include work, parenting, travelling and doing something completely different. He believes this marks a change in attitude that is slowly filtering down from elite knowledge workers to manufacturing employees.

Heavy lay-offs in the early 1990s, mostly the result of enthusiasm for the ephemeral fad of re-engineering, changed attitudes to work. For many, downsizing sounded the death-knell for having a job for life. In "The New Deal at Work" (Harvard Business School Press), Peter Cappelli, a professor at the Wharton business school, claims that, "while employers have quite clearly broken the old deal and its long-term commitments, they do not control the new deal...it is hard to see what could make employees give that control and responsibility back to the employer." Young skilled workers increasingly write their own terms of employment. In such a labour market, where short-term contracts are the

norm, corporate schemes to improve the balance of employees' lives can become a side-show.

Some go further, arguing that in the not-too-long term, the desire of global firms to entice the West's educated elite may disappear in a flash of enthusiasm for the graduates of India's and China's tertiary-education systems. Even today, less than one in five of the world's university graduates are white men.

However, Liz Ramos, the partner at Bain & Company in charge of human capital, says that though employers are looking to India, it will be a while before India's business schools produce graduates comparable to those from Europe and America. Despite all the political heat it arouses, moving offshore satisfies only a small part of the demand for skilled labour in developed economies.

For some time to come, talented people in the West will demand more from employers, and clever employers will create new gewgaws to entice them to join. Those employers should note that for a growing number of these workers the most appealing gewgaw of all is the freedom to work as and when they please.