

Sustainability Matters

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Why work-life balance matters for responsible investors

The importance of work-life balance for individuals has been widely discussed since the 1960s. An imbalance in the relationship between work and family relative to other “life” activities such as leisure, recreation, volunteer or political work leads to reduced work effort, reduced performance, increased absenteeism and employee turnover. Work-life conflicts have also been associated with increased stress and burnout. It is, therefore, obvious that employers who introduce measures to improve the work-life balance of their employees benefit from a healthier, more contented, and more efficient workforce. However, the success depends not only on the presence of measures that support work-life balance, but also on managerial support and the work-life culture of an organization. With the help of the recently developed “Inrate Engagement Services”, responsible investors will be able to systematically address such issues with the aim of improving the sustainability performance of companies they invest in.

This issue of Inrate Sustainability Matters also features an interview with Nia Joynson-Romanzina, Global Head Diversity & Inclusion at Swiss Re, about the Swiss Re program “Own the Way You Work”.

The meaning and significance of work-life balance

Work-life balance is the extent to which an individual is equally engaged in and satisfied with his or her work role and “life” role. As such, work-life balance is strongly associated with quality of life. According to this definition, work-life balance consists of the following three components (view Greenhaus et al. 2002):

- Time balance: an equal amount of time devoted to work and other life roles.
- Involvement balance: an equal level of psychological involvement in work and life roles.
- Satisfaction balance: an equal satisfaction with work and life roles

An imbalance between work and life roles leads to work-life conflicts. Work-life conflicts exist when the time, strain, and specific behaviours associated with one role make it difficult to fulfil the requirements of the other (Greenhaus 1985). The ideal work-life balance differs from person to person and may also vary over a lifetime (Davies 2013). The OECD measures the state of work-life balance in its member states based on a number of indicators such as the presence of long working hours (more than 50 hours per week), the time devoted for leisure and personal care, commuting time, and employment rate of mothers. The index is displayed in Figure 1. Work and life seem to be out of balance for every second employed person in the EU: According to the most recent European Quality of Life Survey (EQLS) carried out in the current 27 EU Member States, 22% of people in employment expressed dissatisfaction with their work-life balance. 6% reported that their working hours did not fit “at all well” with their family and social commitments and 16% said that they did not fit “very well” (52% reported that their working hours fit “fairly well” and 26% “very well”). However, the level of imbalance significantly varies within Europe. In Denmark, 1 in 10 workers is unsatisfied with his work-life balance, in the Netherlands and Sweden about one in three, whereas in Poland and Austria two in five workers are unsatisfied. According to the survey, women appeared to be coping with more commitments outside work, while men tended to have longer working hours per week, thus increasing their likelihood of perceiv-

ing difficulties in reconciling work with family life (Eurofound 2012).

Work-life balance index

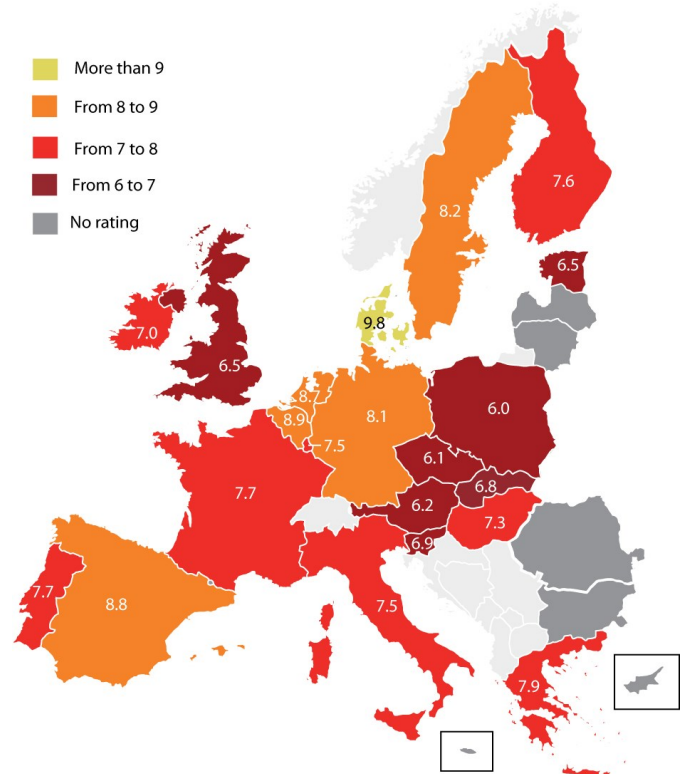


Figure 1
10 is the highest rating; values for 36 countries range from 2.9 to 9.8. Example: work-life balance is highest in Denmark (9.8). Source: OECD Better life index 2011 in: Davies 2013.

The evolution of work-life balance

The relationship between work and family life has been of interest for academics, personnel managers, and policy makers since at least the 1960s (Lewis, Cooper, 2005). These discourses followed traditional sex/gender roles concerning the division of labour, implicitly or explicitly assuming that work-life balance aimed at a “generic female parent” whose responsibilities outside of work were domestic and reproductive labour (Ransome, 2007). This view tended to neglect other “life” activities such as leisure, recreation, as well as volunteer or political work.

Company Example: Agilent Technologies

Agilent Technologies Inc. is the world’s premier measurement company and a technology leader in chemical analysis, life sciences, diagnostics, electronics, and communications. The company employs more than 20’000 people and serves customers in over 100 countries.

Agilent sees its competitive advantage in becoming a leader in innovation, creativity, problem-solving, and organizational flexibility. For that reason, it strives to become an employer of choice for every employee by being able to address work/life balance challenges. As the company’s efforts and services help employees save time, energy and stress, it was ranked in Glassdoor’s Top 25 Companies for Work Life Balance in 2012.

Agilent provides a broad range of programs and activities to help employees manage commitments in their work and personal life, such as flexible work arrangements. The arrangements include part-time offers, telecommuting, job-shares, and variable work schedules. In some Agilent facilities, “quiet rooms” are offered to support employees who need a break, respite, or quiet time. Furthermore, the company provides a variety of resources and referral services for employees who have dependent care responsibilities for children, elders, people with disabilities and others (Agilent Technologies 2013).

The balance of work and other activities has changed in recent decades. Overall, there are gains in leisure and reductions in hours worked. But these trends conceal the trend towards more complexity. Both women and men tend to engage in a wider variety of tasks at the workplace and at home (OECD 2011). The evolution of communication technologies has made it easier for employees to stay connected to work when not in the office, but there is a limit to the positive effects of these technologies. Recent research shows the use of communication technologies after hours is also associated with work-life conflicts (Boswell, Olson-Buchanan 2007, Fenner, Renn 2010). However, time management - setting goals and priorities - may reduce certain negative influence of technological tools (Fenner, Renn 2010).

The business case of work-life balance

Many researchers have explored the relationship between work and non-work responsibilities. The findings reveal that high levels of work-life conflicts are associated with lower levels of job satisfaction, organizational commitment, work effort, reduced performance, increased absenteeism, and employee turnover. Work-life conflicts have also been associated with increased stress and burnout, cognitive difficulties such as staying awake, lack of concentration, low alertness, and reduced levels of general health and energy. The implications for organizations are therefore clear: Work-life conflicts decrease employee performance and increase health costs. On the other hand, employers that introduce measures to improve the work-life balance of their employees, benefit from a healthier and more contented workforce, increased productivity, reduced absenteeism and use of health-care benefits (Beauregard, Henry, 2009).

There are several programs and measures that a company can take to facilitate the work-life balance of their employees: flexible daily or weekly working hours, individually agreed working hours, and the opportunity to work part-time are the most common measures implemented in Western European countries such as Germany, Italy, Sweden, and the United Kingdom. But flexible working time arrangements do not necessarily correspond to workers preferences. The European Company Survey on Reconciliation of

Work and Family Life found that two thirds of German companies schedule their working hours mainly in line with operational requirements. In Italy (64.4%) and the United Kingdom (48.7%). However, the preferences of employees apparently exert more influence on the actual allocation of working hours. Besides flexible working time arrangements, other company measures include:

- *home office*
- *support given to parents before, during and after parental leave, e.g. through contact programs, the possibility to work part-time during parental leave, re-integration programs and financial benefits*
- *care support, e.g. employer-provided child care facilities, additional support for child care, support for short-term nursing, leave of absence for child's or relative's sickness*
- *family services, information and advisory services, e.g. provision of professional help for household duties, food in canteen for children, leisure activities for families and legal advice (Federal Ministry for Family Affairs, Senior Citizens, Women and Youth 2010).*

However, the success of the business case depends on the types of policies adopted by the employers as well as on the particular circumstances of each company and sector (Fagan et al., 2011). The business case is strongest in high-skilled industries, where employee replacement costs tend to be high (Davies 2013). Managerial support and the work-life climate of an organization may moderate the link between work-life balance practice provision and employee use of practices as well as perceptions of organizational support. If management is unsupportive of employees' efforts to balance work and personal responsibilities, and workers anticipate career penalties should they make use of the available programs, organizations may find that outcomes such as improved organizational performance are thus unrealized (Beauregard, Henry 2009).

Company Example: Volkswagen

Volkswagen Group is a German multinational automotive manufacturing company. The company is one of the world's leading automobile manufacturers and the largest carmaker in Europe. It sells its vehicles in 153 countries and employs 550'000 workers worldwide.

Volkswagen sees its human resources as a decisive factor for the past and future success of its company. For that reason, it strives to enable its employees to find the right balance between work and private life. According to the company, the right balance encourages employee satisfaction, providing for reduced absenteeism and increased productivity. Thus, the group offers different part-time and shift models, as well as flexible, individual working time models for all staff members. To help parents achieve this balance between work and family, some factories offer child care facilities.

Volkswagen employs various instruments that enable it to respond quickly and flexibly to fluctuations in employment, and, in turn, to secure jobs for the long term. Job security forms the basis for creating a good balance between work and living and a good basis for the personal development of its employees. It is also the explicit goal of Volkswagen to recognize and uphold the performance and learning potential of each and every staff member. The Volkswagen Coaching GmbH for example, offers a broad and diverse range of seminars (Volkswagen 2013).

Economic and social benefits of work-life balance

Work-life balance is not only affected by job features, but also by a state's social infrastructure. Many aspects contribute to work-life balance, such as the availability of affordable and high-quality child care, elder care and other community services, the effectiveness of transport systems as well as public measures to promote a more equal sharing of unpaid care and domestic work between women and men. Therefore, measures at the national, community, and workplace levels together effect the extent workers experience conflicts and pressures by making working conditions (such as working hours) more compatible with family responsibilities. Services (such as care services) help to make family responsibilities more compatible with employment.

The benefits of work-life measures extend beyond higher quality of life at the individual and increased productivity at the company level. Work-life measures also support the labour market participation of women. Children's quality of life also improves when parents have access to high-quality and affordable child-care services, especially in situations where children would otherwise be left in poorly-supervised situations (Fagan et al., 2011).

There is also evidence that better work-life balance creates several benefits at the national level. In 2005, Prognos conducted a model calculation for Germany to compare a national base model with a scenario with extended measures to promote work-life balance. When compared to the national base model, the work-life balance scenario for the year 2020 showed an increased gross domestic product, an increased birth rate, a higher domestic demand, lower social security contributions, as well as additional jobs (Prognos 2005).

How Inrate assesses a company's contributions to work-life balance

Inrate has always considered a company's work-life balance targets, measures and outcomes in its sustainability assessment of companies. The issue is addressed as part of company measures to promote diversity. Companies that offer their employees flexible and part-time working hours are classified as progressive. Further actions that promote appropriate

work-life balance are also rated positively, for example the provision of day care centers at the company's operating sites or parental leave in addition to the legally fixed maternity leave. Inrate notes whether such programs are implemented at group level or at single sites only, and also assesses, if the company has adopted scheduled and quantified targets to foster work-life balance. If such targets are in place and especially if the company can show continuous improvements considering work-life balance indicators, it is seen as progressive in this respect. The relevance of the measures to promote work-life balance in relation to the rating result strongly depends on the industry. The relevance is higher in high-skilled industries such as financial services, insurance and pharmaceuticals.

Inrate's engagement services for a better work-life balance

Inrate has recently developed the "Inrate Engagement Services", allowing long-term asset owners and investors to enter into a dialogue with their investee companies on environmental, social, and governance issues of concern. Together with selected partners, Inrate can give voting recommendations, execute voting rights, and performs engagement and dialogue. All responsible investors should have a shared interest in combining stakeholder concerns in a balanced and effective way with the aim of improving the sustainability performance of companies they invest in and achieving superior long-term returns.

Investors who are interested in reducing the possible risk associated with insufficient work-life balance measures of a specific company can make use of the Inrate Engagement service approach. Here, Inrate provides support for investors' engagement activities: Inrate and the investors will examine and challenge the specific company's actions and policies in this matter. The companies will then be contacted and feedback will be provided. In a next step, Inrate writes a report containing an assessment of the degree of the achievement of the company's objectives. After that, the group of investors will evaluate potential next steps. A potential next step could include intensified engagement through further company contact and/or voting. The Inrate Engagement Services are an effective instrument for addressing sustainability risks within companies.

Company Example: Abbott Laboratories

Abbott Laboratories is a pharmaceuticals and health care products company based in the United States. Today, the company is one of the largest U.S.-based corporations and has won many awards for being a leading employer in more than 15 countries worldwide, among them Brazil, China, Germany, Norway, Sweden, the United Kingdom, and the United States.

Many of the company's global businesses and locations have incorporated work-life initiatives such as flexible work schedules and telecommuting. Abbott sees these initiatives not only as important tools for talent attraction and retention, but also as key components of the company's approach to diversity and inclusion. Abbott recognizes that work-life priorities and challenges vary around the world and designs its programs to be culturally sensitive and locally appropriate.

Abbott has developed the "Freedom to Work" program which is available to eligible U.S. employees. The program offers employees who are considering retirement the option to scale back their hours and/or change their responsibilities without affecting their benefits, thus allowing for knowledge transfer. More than 400 U.S. employees have enrolled in the program since its launch in 2008. The feedback has been very positive, with 98 percent of participants reporting they are satisfied or very satisfied with the program and 85 percent of managers saying it helped them to retain knowledge (Abbott Laboratories 2013).

Interview with Nia Joynson-Romanzina, Global Head Diversity & Inclusion at Swiss Re

P Please introduce yourself and your work as Global Head Diversity to our readers.

Diversity and Inclusion is about creating the right environment which fosters openness, trust and respect. A vast majority of people in Switzerland think that diversity is just about women — but this is not true. Diversity is a lot more. True diversity is about embracing the combination of visible diversity (age, gender, physical appearance, etc.) and invisible diversity (nationality, beliefs, life experience, family status, etc.) that brings diversity of thought and opinion. At Swiss Re, we believe that diversity is a natural outcome of a truly inclusive environment.

The first pillar of the Swiss Re Global Inclusion Framework zooms in on Inclusive Leadership, because management must lead the way when it comes to inclusion. The framework describes what we expect of our leaders and managers in terms of inclusion. The second pillar of the Global Inclusion Framework is an initiative named “Own the Way You Work”. It is a cultural change initiative that aims to increase our autonomy to decide how, when and where we carry out our tasks. We have launched the initiative successfully in various locations. The third pillar, “Smashing Stereotypes”, actively addresses unconscious biases. These are the assumptions and beliefs that we all unwittingly carry around with us. Unconscious biases are the main driver behind a lack of diversity. Raising awareness and providing tools on how to identify and address them is therefore a core part of achieving deep inclusion. Unconscious biases also affect the choice of work models. Some people think that you don’t take your job seriously enough when you don’t work 60 hours per week.

P How does Swiss Re strengthen the work-life balance of its employees?

First of all, I think that the term “work-life balance” is not helpful language. We call it “Own the Way You Work.” Own the Way You Work gives us more autonomy to decide how, when, and where we carry out our tasks. We now know that employee engagement increases with greater autonomy over when, where and how they work, and this is tightly linked to greater productivity.

The program consists of the following four building blocks:

1: One size does not fit all: Some people prefer to make a clear separation between their workplace and personal life.

Others tend to blur the lines, out of preference or necessity. Some people prefer to work from 8 to 17, others prefer to work in the evenings or start early because they have contact with people working on a different continent.

2: Work smarter, not longer: Many people who work efficient-

ly get the job done in a much shorter time. People who are judged on their results have the incentive to find more effective, “smarter” ways to get the job done.

3: Focus on the team rather than the individual: Individual work models depend on collaboration, and teams are made up of many individual work models. Own the Way You Work shifts agile working from an individual request to a team strategy and team dynamics discussion, with priorities, work cycles and tasks planned accordingly. Transparency and openness with regards to working models are paramount.

4: Reinforce trust, respect and open dialogue: Adopting the Own the Way You Work principles means identifying and openly discussing many of the “unwritten workplace rules” that have been passed down through the ranks over time. It is important that we recognize and respect the balance between individual and group needs and that we recognize that high-performing teams will often pull together during workload peaks to “go the extra mile” to achieve their team goal.

Own the Way You Work is a group vision, but the implementation changes from location to location. We actually have a waiting list of locations that want to participate. The program is customized location by location, e.g. in the Americas or Asia.

P What are the main advantages to encourage unconventional work models for a company like Swiss Re?

The benefits for employers are numerous. Having a workforce not all tied to the nine-to-five conventional work model helps us to accept the challenges faced by worldwide company. Greater autonomy and greater trust lead to superior individual and team performance, therefore greater productivity. Furthermore, offering non-traditional work arrangements makes us more attractive for highly skilled individuals who otherwise might not apply for a job at Swiss Re. And finally, Swiss Re benefits from reduced infrastructure costs due to the need for less office space. Other cost savings will be felt through lower attrition, absenteeism, burn-out of employees, etc.

P It is often claimed that smartphones and tablets are both a blessing and a curse. What is Swiss Re’s policy regarding the use of smartphones and tablets?

Smartphones and tablets have led to a change in the way we work. The difficulties are not the devices, but the fact that we work in a 24-hour society. Self-management is again very important here. You have to be able to self-manage the way you make use of these devices. Or to say it again in our words: Own the Way You Work.

Nia Joynson-Romanzina has been the Global Head Diversity & Inclusion at Swiss Re since 2010. From her own experience she knows what it means to be “different”. She grew up in Wales in a politically active family. After having worked in Italy for a decade, she moved to Switzerland where she now lives with her family. She also has a wide experience with different work-models. At present, she works fulltime but takes additional holidays to be able to spend more time with her family.



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