

The Profitability of Family Friendly Policies and Practices in the Workplace

In today's economy, employers everywhere are looking for ways to save money and boost their bottom line. As New Mexico reaches a 22-year high for unemployment, many employers have laid off employees or reduced their hours. **Simultaneously, the need to remain competitive has meant maintaining or even increasing operations and everyone has been forced to more with less.** But even before the economic downturn, U.S. employers were spending an average of \$300 billion in lost productivity, recruitment and retraining costs each year. This makes the cost-effectiveness of employee efficiency and productivity an urgent matter.

Highlighting examples of small and large employers from a variety of industries that employ both high and low-skilled workers, the following matrix demonstrates real strategies for boosting the bottom line through **increased sales, share value, productivity and reduced costs.** It shows how real employers have become more profitable by implementing a variety of Family Friendly Policies and Practices, including:

- Personal, Family and Parental Leave
- Maternity/Paternity Leave and Lactation Programs
- Childcare/Eldercare/Dependent Care
- Flexible Scheduling
- Telecommuting
- Job Sharing and Part-Time Options
- Healthcare
- Wellness Programs
- Higher than Average Wages within an Industry
- Asset Building and Retirement Programs
- Training and Advancement Opportunities

Conventional wisdom might consider investing in employees in this fashion to be too expensive or only applicable to high-skill jobs. But the research cited has important lessons for us as we plan for economic recovery. Offering these benefits and doing right by employees and their families at all levels of the professional ladder is economically viable and profitable.

	Increased Sales, Share Value, and Cost Savings	Increased productivity	Lower absenteeism	Lower turnover	Reduced Health Related Costs
Personal, Family and Parental Leave		According to a 2011 study, work-family conflict is acute in low-income families in large part because low-income families are more likely to be caring for a family member who is ill. As a result, family leave is incredibly valuable for these families, allowing them to tend to serious issues at home and leading to increased productivity and fewer unscheduled absence sat work.	According to a 2011 study, work-family conflict is acute in low-income families in large part because low-income families are more likely to be caring for a family member who is ill. As a result, family leave is incredibly valuable for these families, allowing them to tend to serious issues at home and leading to fewer unscheduled absences and increased productivity at work.	Bureau of Labor Statistics data show that paid parental leave and extending unpaid parental leave cut the resignation rates of new mothers and enhanced retention. Operating in the automotive industrial sector, Autoliv Australia implemented leave and flexibility policies and its turnover rate decreased from 15-20 percent to just percent. These programs ultimately saved more than they cost to implement. The main reason cited by employers for developing workplace flexibility, care giving leaves and dependent care initiatives is the retention of employees in general rather than highly-skilled employees.	

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Maternity/Paternity Leave and Lactation Programs				<p>Accommodating workplaces—including those offering paid and unpaid maternity leave—raise the likelihood of women returning to full-time work within a year after childbirth and to the same employer.</p> <p>A study of multiple companies with lactation support programs found an average retention rate of 94%</p>	
Childcare/Eldercare/Dependent Care				<p>Childcare subsidies, work-site child care, and other child care benefits enhanced retention among workers studied in a variety of industries, including manufacturing, banking, and hospitals.</p>	
Flexible Scheduling	<p>A Watson Wyatt study found shareholder returns raise by 3.5% as a result of schedule flexibility</p> <p>Fortune 500 firm USAA increased its net worth, paying out \$857 million in dividends and decreasing turnover by half in 2008, offering telecommuting, schedule flexibility, part-time employment, and job sharing.</p> <p>Managers of hourly workers at a large U.S. retailer reported that scheduling flexibility reduced operational costs, particularly those associated with recruiting and re-training.</p>	<p>The authors of <i>Womenomics</i> found that blue chip companies (including KPMG, Microsoft, and Pfizer) offering some flexibility in hours were more competitive, productive and inhabited by employees who were less stressed and more committed to the company.</p>	<p>Chubb Insurance reduced its unscheduled absences (by 50% each month) and overtime (by 40% per employee) with a team based approach to flexible scheduling.</p> <p>According to a 2005 survey, alternative work arrangements rank at the top of work-life programs in effectiveness in reducing unplanned absences from work</p>	<p>A study of 614 U.S. businesses found that when considering whether to stay with their employer, schedule flexibility outweighed salary, stock options, and training considerations</p> <p>Deloitte & Touche credits its schedule flexibility programs in saving approximately \$41.5 million in costs related to turnover.</p> <p>A study of low wage workers with schedule flexibility found that they were 30 percent less likely to leave their employer within two years than workers who had no flexibility.</p> <p>According to the National Study of the Changing Workforce, in 2002, 73% of employees with high availability of flexible work arrangements reported that there was a high likelihood that they would stay with their current employer for the next year</p>	

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Telecommuting	<p>AT& T managed an \$11 million net gain as a result of implementing a telecommuting program mostly due to savings in real estate and increased hourly and efficiency productivity from its employees.</p> <p>Fortune 500 firm USAA increased its net worth, paying out \$857 million in dividends and decreasing turnover by half in 2008, offering telecommuting, flexibility, part-time employment, and job sharing.</p> <p>IBM Sun Microsystems, JetBlue, ARO and Holland America saved millions in real estate and other expenses with telecommuting. A 1999 study by the International Telework Association and Council estimated savings of \$10,000 per employee.</p>	<p>According to a 2002 study, "Regular tele-workers and remote workers report that 84% and 86% of their interactions with co-workers are about work-related issues."</p>	<p>The Sloan Work and Family Research Network reports that telecommuting cuts absenteeism by nearly 60 percent.</p>	<p>Fortune 500 firm USAA decreased turnover by half, increasing its net worth and paying out \$857 million in dividends and in 2008 by offering its employees options around telecommuting, flexibility, part-time employment, and job sharing.</p> <p>In a 2007 survey of 10,000 U.S. workers, 53% of the remote workers said they weren't considering leaving the company within 12 months, while only 46% of the office workers said leaving wasn't a consideration.</p>	
Job sharing and Part-Time Options	<p>As a result of its combination of part-time options, competitive wages, flexibility, healthcare, and training and advancement opportunities, Costco has higher annual sales when compared to others in the retail industry: \$279 per square foot and \$2,608 per worker.</p> <p>Fortune 500 firm USAA increased its net worth, paying out \$857 million in dividends and decreasing turnover by half in 2008, offering telecommuting, flexibility, part-time employment, and job sharing.</p>			<p>Cigna retained five hundred managers and professions as a result of its job share and part-time employment options.</p> <p>Corning reduced turnover by 50 percent among its manufacturing workers by providing job sharing and part-time options.</p> <p>Fortune 500 firm USAA decreased turnover by half, increasing its net worth and paying out \$857 million in dividends and in 2008 by offering it employees options around job sharing, part-time employment, telecommuting, and flexibility.</p>	

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Healthcare	As a result of its combination of healthcare, competitive wages, flexibility, part-time options, and training and advancement opportunities, Costco has higher annual sales when compared to others in industry \$279 per square foot and \$2,608 per employee		American Apparel provides affordable health insurance, on-site exercise classes, massage therapy, nutritious menu offerings at their cafeteria, and an on-site healthcare clinic. As a result, it saw a reduction in illness, injury, and related costs.	As a result of its combination of healthcare, competitive wages, flexibility, part-time options, and training and advancement opportunities, Costco's turnover rate is less than six percent after first year of employment (one-third of the industry average)	American Apparel provides affordable health insurance, exercise classes, massage therapy, nutritious cafeteria food, and an on-site healthcare clinic. As a result, it saw a reduction in illness, injury, absenteeism and related costs.
Wellness programs			American Apparel provides on-site exercise classes, massage therapy, nutritious menu offerings at the company cafeteria, and an on-site healthcare clinic in addition to affordable health insurance. As a result, it saw a reduction in absenteeism as well as a reduction in illness and injury (and a reduction in their corresponding costs).		In a nine-year study of Johnson & Johnson's wellness program the company was found to have saved \$225 per employee per year in reduced hospital admissions, mental health visits and outpatient services. Steelcase reported a 55 percent reduction in medical claims for participants in its wellness program. American Apparel provides on-site exercise classes, massage therapy, nutritious cafeteria menu offerings, and an on-site healthcare clinic in addition to health insurance. As a result, it saw a reduction in illness and injury-related costs.
Higher than Average Wages within an Industry	As a result of its combination of higher industry wages, flexibility, part-time options, healthcare, and training and advancement opportunities, Costco has higher annual sales when compared to others in industry \$279 per square foot and \$2,608 per employee.			As a result of its combination of higher industry wages, flexibility, part-time options, healthcare, and training and advancement opportunities, Costco's turnover rate is less than six percent after first year of employment (one-third of the industry average).	

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Asset Building and Retirement Programs	When Dancing Dear implemented a stock-option program for its employees, sales increased by 74 percent and stock options increased in value by 40 percent after one year.	In addition to providing incentives for every aspect of production, family business, Jenkins Brick set up a profit-sharing program in which employees became vested after six years. This resulted in increased productivity, improved product quality and decreased turnover. As a result of implementing a teamwork system in which sewers' hourly pay increased based on their productivity, American Apparel tripled its output from 30,000 to 90,000 pieces per day.		In addition to providing incentives for every aspect of production, family business, Jenkins Brick set up a profit-sharing program in which employees became vested after six years. This resulted in decreased turnover, increased productivity and improved product quality.	
Training and Advancement Opportunities	As a result of its combination of training and advancement opportunities, competitive wages, flexibility, part-time options, and healthcare, Costco has higher annual sales when compared to others in industry \$279 per square foot and \$2,608 per employee.	Dancing Deer, a small, Boston-based production company offers English as a Second language classes to its production workers, finding that this led to better communication between workers and increased work efficiency.		Operating in a high turnover industry, Xerox Europe offers career track options and training for employees in its call centers, leading to decreased levels of turnover. Costco reports that 98 percent of its promotions happen from within the company and its internal skills development has improved recruitment and retention. 68 percent of its warehouse managers started as hourly employees and their turnover rate is less than six percent after first year of employment (one-third of the industry average)	

Sources:

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