

## FIRMS' CONTRIBUTION TO THE RECONCILIATION BETWEEN WORK AND FAMILY

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European governments have adopted a wide range of different strategies and initiatives to promote work/family reconciliation. The Nordic countries have pioneered extensive national legislation on maternity/paternity leave, rights to part-time working and publicly funded child care arrangements. Other countries have put more emphasis on collective bargaining, including the Netherlands and Germany. Yet other countries have traditionally relied a good deal on firms – notably the United Kingdom.

However, whatever the context of national legislation, workplace culture is of great importance, for two main reasons. The first is that, certainly in the private sector and now to an increasing extent in the public sector, the economic realities of the workplace cannot be ignored. If firms feel they are being constrained excessively by government efforts to make them family-friendly, they will “work around” the legislation, implementing it grudgingly or in ways that lead to undesirable side effects. The second is that individuals have different preferences for allocating their time between the workplace and their lives outside it, including their family life. Attitude surveys, such as the 1998 European *Employment Options of the Future* survey, have illustrated the enormous range of aspirations in this regard, especially for women, but also for men (Atkinson 2000). National legislation is vital for setting acceptable standards but, once this has been done, firms' requirements and individual aspirations can best be accommodated through agreements at the level of the workplace. In order for this to be possible, the workplace culture must be enlightened and supportive.

This contribution briefly reviews what is known about “family-friendly”<sup>1</sup> work arrangements in European workplaces at the international level. It

points out some of the difficulties of relying solely on initiatives at the national level and argues the importance of promoting workplace cultures which are both efficient and take account of individual needs for flexibility.

### Family-friendly practices in European workplaces

European evidence on the extent of voluntary, family-friendly work arrangements by firms is rather weak. However, it is sufficient to show both the considerable variation between countries and that countries with the best-developed national legislation tend to have the lowest incidence of firm-based arrangements.

The *Second European Survey of Working Conditions*<sup>2</sup> of 1995/96 asked employees whether their employer provided certain family-friendly benefits “over and above statutory requirements”.<sup>3</sup> These benefits were: leave to take care of a sick child, maternity leave, parental leave, and provision or support for child day care. Figure 1 shows the average incidence of the three different types of leave benefits reported by women employees with a child under 15 in their household. The highest figures are seen for Austria and the western Länder of Germany, followed by three “Southern European” countries: Greece, Italy and Spain. The Nordic countries are at the bottom, together with Ireland and the United Kingdom. The degree of variation is remarkable – from over 80 percent in Austria to under 10 percent in Sweden. The figure also shows the incidence of employer provision or subsidy for child care. The high figures for the Netherlands reflect its system of partnership between parents, firms and the government.

Figure 2 compares the extent of firm-provided maternity leave with an index of national maternity leave in 1995. The Nordic countries are all to the right of the figure, with high national provision but low firm-based provision. Austria and the western

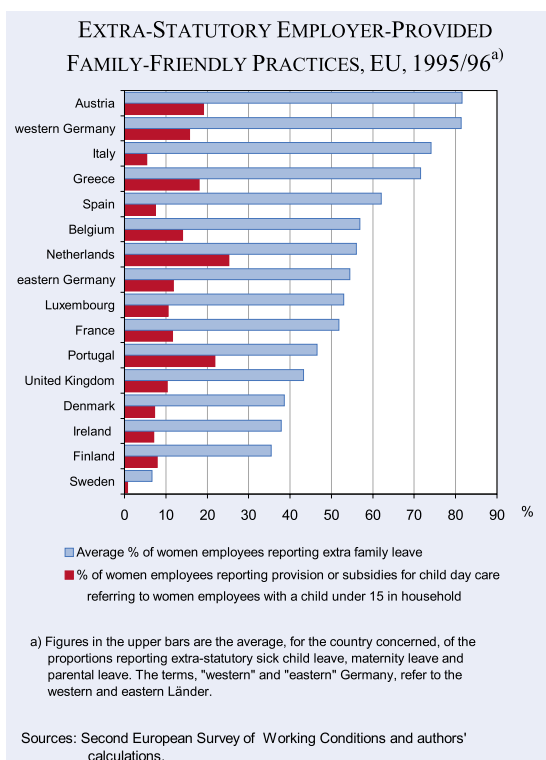
<sup>1</sup> The definition of “family-friendly” working arrangements by enterprises used here is that of Evans (2001, p. 10), “working arrangements, introduced voluntarily by firms, which facilitate the reconciliation of work and family life”. The four broad categories are leave from work for family reasons; changes to working hours arrangements for family reasons; practical help with child care and eldercare; and relevant information and training.

<sup>2</sup> This is described in European Foundation (1997). The question was omitted from the third survey in the series.

<sup>3</sup> For a discussion of these data, see Evans (2001). While they need to be treated with caution, they are corroborated by the available national source for the United Kingdom.

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Figure 1



Länder of Germany are towards the top of the figure, with high values for firm-based provision and above average values for national provision. Overall, the pattern seems likely to result from a combination of two factors. First, high levels of national provision are likely to squeeze out provision by firms. Second, there are different national attitudes towards the most appropriate ways of assisting – or not assisting – families. For example, in Austria and Germany it has long been considered appropriate for the family, as an important social institution, to receive relatively high levels of support both from the State and from firms. In the United Kingdom, the family has traditionally been considered to be a private matter, requiring comparatively little attention from either firms or government – though that has changed significantly since 1995.

Further analysis of the data suggests that public sector firms and larger private sector firms provide the most additional leave and child-day care arrangements. Permanent and long-tenure employees are more likely to have access to family leave benefits, as are professional workers. On the other hand, employees working in low-skilled occupa-

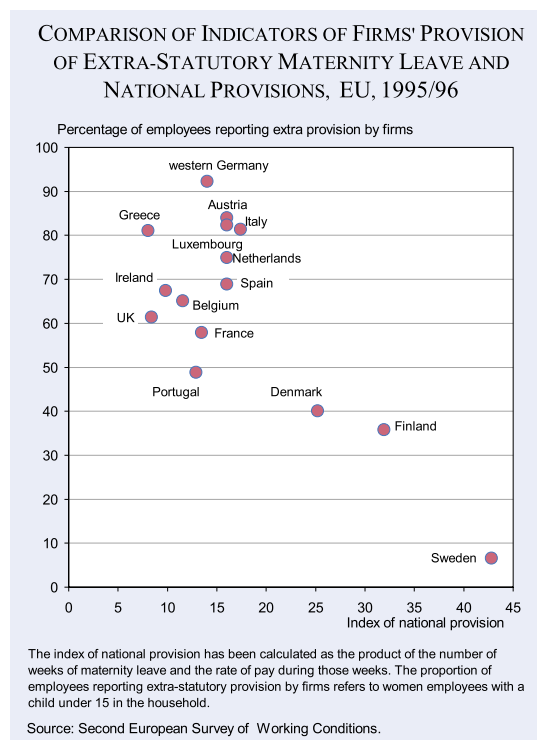
tions, in craft trades or as operatives tend to report comparatively few family-friendly arrangements.<sup>4</sup>

### The problems of relying on national legislation

Legislation is essential to ensure minimum standards and protect the less-skilled and less-experienced who are not as likely to be helped by firms. However, national legislation alone is unlikely to be able to fulfil all of the objectives usually associated with work/family reconciliation.

The potential contradiction between work/family legislation and gender equity objectives has been pointed up by a number of writers. For example, Moss and Deven (1999) warn that public policies providing entitlements to long periods of maternity leave can harm gender equity in two ways. First, they can encourage long absences from work during years that are critical for building women's careers. Second, they can foster discrimination against women. Substantial absences impose costs on employers. These costs give them an incentive to discriminate against all younger women, simply because employers have no means of knowing which young women are likely to have children and take up their entitlements to long absences and which are not. Sweden would appear to provide an example of this in practice – it has both

Figure 2



<sup>4</sup> This pattern is consistent with a number of national studies reviewed in Evans (2001).

exceptionally high levels of maternity leave entitlements and a particularly high degree of occupational segregation (including an extremely low proportion of women in senior positions in private sector firms).

Entitlements to reductions in working hours for family reasons are also likely to work against gender equity. Part-time working tends to be concentrated into a relatively restricted range of occupations and to have lower hourly pay and training opportunities than equivalent full-time jobs. Survey evidence shows that this corresponds to the way that employers tend to view part-time working (OECD 1999).

Publicly financed child care schemes appear to offer a means of combining work/family reconciliation with gender equity. When care for children is assured, women and men are free to compete in the labour market on more equal terms. However, the economic costs of setting up large-scale, high-quality child care schemes are considerable. In addition, there is evidence that many women prefer to look after their young children themselves. Furthermore, as the vast majority of child carers are women, the problem of occupational segregation is by no means solved.

A further strand of government policy has been seen in measures to encourage men to take more responsibility in the household, through entitlements for paternity leave and periods of parental leave available only for men. The Nordic countries have been the pioneers in this regard. However Crompton and Birkelund (2000), in their comparative study of British and Norwegian banking, conclude that such policies make a difference mainly for the small number of men who have already assumed significant child care responsibilities. They do little to affect the mainstream. Part of the reason for this is that such schemes typically replace only a small proportion of the pay that is lost. In addition, such measures, on their own, are unlikely to make much difference to the workplace culture, which generally embodies a tacitly agreed perception of what it means to be an "ideal worker". Male employees who take up leave entitlements may be seen as breaking cultural conventions which are important for advancement within the organisation.

In general, government regulation carries a cost, much of which is borne by industry. For many British firms the pace of legislative change in favour

of work/family legislation since 1997 has been unusually brisk and economically challenging. By May 2002 the regulatory cost of making the British workplace more family-friendly was officially estimated at £9bn sterling, a cost which may fall disproportionately on smaller businesses. If government interventions affect the margins but not the mainstream they may come at too high a price.

In this context, it is also appropriate to mention the 35-hour week in France. While its primary objective was to decrease unemployment, its secondary aim was to improve work/family reconciliation. A survey in 2001 of those already affected by the 35-hour week found that many people had been able to increase the amount of time spent with their families and reported being happier as a result (Cette et al. forthcoming). Women with at least one child under 12 at home tended to be particularly satisfied with the change. However, one disadvantage, in a minority of cases, was a feeling of work intensification and greater pressure to work in ways that gave flexibility to the employer rather than the employee. The net cost of the measure to the public purse is still a subject of great controversy but may have been considerable.

Countries with a strong tradition of collective bargaining, such as the Netherlands, may rely on this to promote family-friendly policies at lower regulatory cost. However, the difficulty is that union leaderships are generally male and traditionally minded. Part-time workers are less likely to be unionised, and even less likely to be active in a union. Thus, unions have traditionally been reticent in demanding family-friendly provisions. For this reason, the Netherlands has found it necessary for the government to add extra incentives for family-friendly behaviour, such as the tax concessions to companies that provide child day care and the recent legislation to provide for care for sick children (OECD 2002).

#### The importance of the workplace culture

The evidence above suggests that government legislation alone is unlikely to be able to solve the problem of work/family reconciliation satisfactorily. Will the "business case" fill the gap – will firms be drawn to introduce family-friendly practices because they perceive financial advantages in doing so?

Globally, the econometric evidence is still not very encouraging. Case study evidence has shown that there is often a business case for family-friendly working arrangements, particularly in terms of improving retention rates and improving morale (DTI 2000). However, Dex and Smith (2002), using the large scale UK Workplace Employee Relations Survey find only small associations between family-friendly working arrangements and a number of measures of performance in private sector firms. In addition, White et al. (2003) conclude that “high performance” working arrangements (such as team working and pay-for-performance schemes), introduced by firms for business case arguments, can work against work/family reconciliation – presumably because part of their intention is work intensification.<sup>5</sup>

Nevertheless, at the same time as econometric evidence is lacking, it is not hard to find cases of individual firms ascribing huge benefits to their family-friendly stance – for example many of the firms which win the “Family-Friendly Employer of the Year” competitions conducted in a number of European countries. This paradox is probably best explained in terms of the workplace culture in which the family-friendly policies are introduced.

The United Kingdom has been particularly concerned to promote flexible working hours, to reconcile the needs of the employer and of the individual. It has recently published a pamphlet on 50 cases of success in introducing flexible working hours as a family-friendly (or “work/life”) policy (DTI 2003). The different ways in which flexible working is introduced are numerous – including working outside normal working hours, unpaid leave, totally flexible job shares, part-time working, compressed working week, term-time working, and working hours at the discretion of the employee provided the work is done. The advantages claimed for these changes in working hours are equally numerous, covering virtually the whole range of human resource issues: commitment and effort from staff, easier recruitment of higher levels staff, lower turnover, fewer wildcat absences, better staff (as people with children make better workers), more training, better dovetailing of supply and demand during extended working hours.

While the UK government’s publication is intended to extol the benefits of flexible working for both firms and the work/family reconciliation of individuals, the fifty success stories give the strong impression that the family-friendly flexible working arrangements had generally been introduced in the context of a broader cultural change in the workplace, in which flexibility was valued and staff were able to have a considerable say in devising their own working arrangements. For example, the supermarket chain, Asda, which achieves very high ratings from its employees as an employer, reported that all of its particularly wide range of flexible working policies were introduced after proposals from staff. Some of the firms had gone well beyond simply offering flexible work arrangement to the extent of proposing workshops to encourage men to take up flexible work options and running extensive training sessions to teach managers how to manage flexible workers.

This is in line with fieldwork conducted by Evans, which suggested that, in many cases, firms introduce family-friendly working arrangements because of cultural values rather than cost-benefit calculations.<sup>6</sup> In fieldwork done by Callan, a recurring phrase has been that “flexibility works both ways.” When employers introduce flexible working in order to allow their employees to balance their work and home lives, they often find that their employees respond with increased levels of commitment, to the extent of regarding themselves as individual investors in the success of the organisation. This is exemplified by a small company in the British Midlands: an incoming managing director had saved it from failure through cultural change. This involved accommodating more than two dozen different working patterns and the engagement of every member of staff in the decision-making process at some level.

Some other studies come to similar conclusions. Wood (1999) finds that family-friendly policies tend to be introduced by firms whose management not only places a high value on employees’ welfare in respect to their family situation and perceives a bottom-line benefit from providing family-related benefits but, in addition, is careful to consult with the workforce and gives a high priority to the achievement of employee commitment. Dex and

<sup>5</sup> It must be admitted that this evidence for the United Kingdom may not apply in countries which evaluate firm performance over a longer time frame.

<sup>6</sup> This is also one of the conclusions of the large-scale study of family-friendly policies being undertaken by the OECD (2002; 2003).

Schiebl (2002) show the importance of the overall culture in their case studies of small firms. Where flexibility was part of the culture, employers tended to find that family-friendly policies worked well: additional administrative work was less than expected, no evidence was found for loss of clients, workers allowed greater flexibility were happier and more highly motivated, and multi-tasking and team working provided adequate skills mix to cover for absent employees.

Workplace cultures which respect and value individuals can also alleviate the potential conflict between gender equity and family friendliness. When employees are valued for what they can produce, rather than what they have done in the past, and firms take a longer-term view of careers and provide mentoring and training for those returning to the workplace after a break, it is much easier for the talents of mothers to be deployed in higher-level positions (Cooper and Lewis 1995).

Cultural change is not easy and there are obstacles to be overcome. One of the most difficult is perhaps the notion of “professionalism”, now applied widely to managerial positions. Kerfoot (2002) has suggested that, particularly for men, professionalism may be a justification for elevating work identity above all other aspects of selfhood, including family responsibilities. However, the cultural changes required may be eased by flatter management structures with less hierarchy, and by the drive for more diverse workforces to serve more diverse customers.

## Conclusions

A number of governments have recently introduced greater entitlements for employees to changes in work arrangements for family reasons – for example rights to reduce hours of work or extensions to paternity and parental leave entitlements. All these initiatives may have beneficial effects but, if the conclusions above are correct, they will be incomplete – and even have undesirable side-effects – unless they are accompanied by efforts to promote workplace cultures which value flexibility, show respect for individual preferences, take employees’ suggestions for change seriously, and seek to accommodate a wide range of different working arrangements and career paths. National legislation is vital for setting minimum standards

and may also be instrumental in changing workplace culture. However, beyond this governments have a responsibility for identifying best practice, making it known, and assisting firms as they undertake change in those directions. At the same time, unions may find a new source of vitality in advising their members on how best to present the “business case” for the different types of working arrangements they favour as individuals.

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