
Work-Life Balance: The key driver of employee engagement

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ABSTRACT

A changing economy and an aging workforce can join together to create an employment environment where competent employees who are unhappy in their current situations are motivated to find a new place to "hang their hats." A highly engaged workforce is 50% more productive than an unengaged workforce. The majority of HR professionals (78%) feel employee engagement is important or extremely important to business success. Employee engagement has emerged as a critical driver of business success in today's competitive marketplace. Employee engagement is increasingly viewed as a "win-win" strategy for companies, employees, and their communities alike. In addition, work/life balance is increasingly important for engagement and affects retention. This paper will examine some of the literature on Employee engagement, explore work-place culture & work-life balance policies & practices followed in industries in order to promote employee engagement in their organizations to increase their employees productivity and retain them. Work-life balance is key driver of employees satisfaction.

Keywords: Employee Engagement, Work-place culture, Work-life balance Policies & practices.

1. Introduction

Nowadays, most companies do agree that engaged employees – those willing to 'go the extra mile' – can have a very strong effect on the success of a business and so are seeking effective techniques that will allow them to build engagement. Employee engagement has generated a great deal of interest in recent years as a widely used term in organizations and consulting firms (Macey & Schneider, 2008) especially as credible evidence points toward an engagement-profit linkage (Czarnowsky, 2008). Towers Perrin, looking at over 35,000 employees across dozens of companies, showed a positive relationship between employee engagement and sales growth, lower cost of goods sold, customer focus, and reduced turnover.

In today's knowledge economy employees today are looking for: opportunities to learn and improve their skills and to have an open valve for imagination, creativity and ideas; senior management interest in employee wellbeing; and to work for an organization with a reputation as a good employer. Research shows that organizations that provide a workplace culture with the psychological conditions of meaningfulness (job enrichment, work-role fit), safety (supportive manager and co-workers) and availability (resources available) are more likely to have engaged employees. Work-life balance is increasingly important for

engagement and affects retention. By being aware of the unique needs of diverse groups, as well as by recognizing individual differences within these groups, HR can better understand the challenges of increased diversity in the organization's workforce (e.g., different generations, more females) and work toward designing and implementing work-life balance policies and practices to engage diverse employee groups. Many businesses are concerned about increasing employee engagement during this time of financial uncertainty. One might think that the economic downturn and the job insecurity it brings would translate into increased employee job focus and engagement. This paper explores the notion of Employee Engagement and also some of the rhetorical assumptions associated with workplace culture. Further, it outlines the implementation of work-life balance policies & practices adopted industries for developing employee engagement.

2. Relevant related literature

2.1 Definition

Employee Engagement

“The extent to which employees commit to something or someone in the organization, and how long they stay as a result of that commitment”⁽²⁾. “Engagement is the state in which individuals are emotionally and intellectually committed to the organization as measured by three primary behaviors: Say, Stay and Strive.”

Workplace Culture

The workplace culture includes the employee's attitudes, belief systems, value systems, work ethics, behavior that characterize the functioning of a group or organization etc. (e) .Workplace culture includes the beliefs, attitudes, practices, norms and customs (‘how things are done around here’) that characterize a workplace. They can be both obvious and implied.

Workplace culture is also known as organizational or corporate culture. It is defined as a shared belief system of values and processes within an organization. It's been described simply as "the way we do things around here." It is a powerful component to any organization and has both explicit and implicit characteristics.

Work-life Balance policies & practices

Work-life balance, in its broadest sense, is defined as a satisfactory level of involvement or ‘fit’ between the multiple roles in a person’s life (Hudson, 2005). There is no one accepted definition of what constitutes a work-life balance practice, the term usually refers to one of the following: organizational support for dependent care, flexible work options, and family or personal leave (Estes & Michael, 2005). Hence these practices include flexible work hours (e.g., flextime, which permits workers to vary their start and finish times provided a certain number of hours is worked; compressed work week, in which employees work a full week's worth of hours in four days and take the fifth off), working from home (telework), sharing a full-time job between two employees (job sharing), family leave programs (e.g., parental leave, adoption leave, compassionate leave), onsite childcare, and financial and/or informational assistance with childcare and eldercare services.

Work-life balance policies can assist employees achieving a balance between their work and personal commitments that is right for them. The policies need to be supported by the workplace culture, which reflects the beliefs, values and norms of the whole of the organisation from the CEO to staff members. Other important factors in the success of work-life balance policies include proper communication of commitment to the policies to existing and future employees, raising awareness of the policies, education of managers about the importance of policies, and training of managers on 'how to' implement these policies.

2.2 Engaged employees are a competitive business advantage

The most successful companies recognize that their employees are their most valuable asset. Employee engagement is not just a buzzword – it has a clear link to increased business success. Efficiency and productivity are prerequisites for success on a fiercely competitive market. Healthy, capable and engaged employees are a company's capital and a major competitive advantage. Linkage research (e.g., Treacy) received significant attention in the business community because of correlations between employee engagement and desirable business outcomes such as retention of talent, customer service, individual performance, team performance, business unit productivity, and even enterprise-level financial performance (e.g., Rucci et al, 1998 using data from Sears). Some of this work has been published in a diversity context (e.g., McKay, Avery, Morris et al., 2007). Directions of causality were discussed by Schneider and colleagues in 2003.

The Corporate Executive Board surveyed 50,000 employees in 59 organizations worldwide. Employees with lower engagement are four times more likely to leave their jobs than those who are highly engaged. Even more important, moving from low to high engagement can result in a 21 percent increase in performance. "The key to engaging employees comes from targeting the right employees with the right programmes. Companies that segment employees based on commitment and 'line of sight' can find the right drivers that will retain and motivate their most valuable employees. Programmes that increase trust, empowerment and customer focus increase engagement and therefore provide a competitive advantage. Employee engagement has emerged as a critical driver of business success in today's competitive marketplace. Thus, to gain a competitive edge, organizations are turning to HR to set the agenda for employee engagement and commitment.

2.3 Work-life balance drives Employee engagement in diligences

Over the last couple of decades we have seen a dramatic shift in the workforce and the needs of employees to effectively manage demanding work schedules and their personal lives. The McCrindle Research study of 3000 Australians shows that work-life balance is the number one factor of job attraction & retention (even above salary). Employers seeking scarce staff are increasingly touting their commitment to work-life balance in recruitment advertising. But apart from attracting someone into a job, do initiatives to encourage work-life balance also stimulate employee engagement. HR Partner can explore options and create recommendations for making change around programs, such as paid and unpaid time off plans, flexible work arrangements and child and elder care resources. The increased demand for work/life balance and the changing relationship between employers and employees are driving the need for HR professionals and their organizations to truly understand what employees need and want and then determine how to meet those needs while at the same time developing and leveraging workplace talents at all levels.

A New Zealand study, commissioned by the Equal Employment Opportunities Trust in 2007 concludes: ‘organisations which encourage work-life balance in principle and in practice will reap the benefits of increased employee engagement, discretionary effort and therefore productivity. A strategy to encourage work-life balance or a series of work-life initiatives is not sufficient to increase discretionary effort and employee engagement. Work-life balance must be supported and encouraged at all levels of the organisation, including senior management, line managers and all staff.’ (Work-life balance, employee engagement and discretionary effort – a review of the evidence. A literature review by Dr Mervyl McPherson of the EEO Trust.)

2.4 Workplace culture sets the tone for employee engagement

Organizations that create cultures that value balance, and assist employees to achieve life balance will be rewarded with highly engaged employees. By developing more unified and compassionate workplace cultures, organizations will be more attractive to people of all generations. Such studies provide valuable insight and information to HR professionals to assess HR policies and programs for the multigenerational workplace (see Figure 1).

Table 1: HR Policies and Programs for the Multigenerational Workforce

HR Policies and Programs	Examples
Work/Life Benefits	Flexible hours, telecommuting, family leave, work/life balance policies, allowance For religious holidays, etc.
Rewards and Recognition	Compensation, rewards programs
Health Care	Long-term care, dependent care ,elder care, EAPs, wellness programs
Training and Development	Professional development, mentorships, temporary work assignments, job sharing , Succession Planning. Formal leadership development programs, temporary work assignments

Sources: Author compilation from two sources.

IBM, one of Australia’s largest IT companies, is one of the country’s most female-friendly workplaces. Table under provides a summary of EOWA ‘Employer of Choice for Women’ initiatives undertaken by IBM. Such initiatives lead to the organization receiving an award in 2006 from the Federal Government’s Agency for Equal Opportunity for Women in the Workplace for being the most “Female-Friendly” organization.

Table 2: Summary of IBM Australia’s Female-Friendly Workplace Strategies(Source: *IBM lauded as most “female friendly” workplace.* 08/11/2006. *World Today*, The ABC. (accessed from Australia/New Zealand Reference Centre database 22/1/2008))

IBM Australia – “Female Friendly” Workplace Strategies	
Initiatives	Achievements and Benefits
<ul style="list-style-type: none"> • Flexible Hours – options to work from home. 	<ul style="list-style-type: none"> • Technology enables women to work and care for children at home.
<ul style="list-style-type: none"> • Paid Maternity Leave 	<ul style="list-style-type: none"> • Financially stable whilst on maternity leave. 97% of women have returned from maternity leave over the last 10 years.
<ul style="list-style-type: none"> • Conducts three camps for young women nationally. Duration: 1 week and is primarily about the IT industry and what it entails. 	<ul style="list-style-type: none"> • 36% of IBM Australia’s graduate recruits are female, compared to less than 15% studying IT at university.
<ul style="list-style-type: none"> • Vacation care program for IBM children 	<ul style="list-style-type: none"> • Gives working mothers’ peace of mind that their children are being cared for during the school holidays.
<ul style="list-style-type: none"> • Flexible leave – offers additional four weeks of annual leave, purchased through salary sacrifice. 	<ul style="list-style-type: none"> • The additional four weeks gives employees the option to take more leave if required, and contributes to less stress and work overload within the organization.

In India, the concept of hierarchy has traditionally strongly influenced business decisions, such as strategy, promotions and communications. Yet, in today's Indian workplace, older workers view hierarchy as more important than do people of the younger generation. Additionally, it should be noted that the concept of the Baby Boom generation exists only in the developed world, with other nations not having the concerns resulting from this large generation. For example, many countries (e.g., Latino Christian, Arab and African nations) did not have a significant reduction in fertility rates, nor did they embrace factors such as access to contraception, the changing role of women in society and more recent focus on work/life balance.

2.5 Work-life Balance policies & practices stimulating employee engagement in industries

Over the last decade the evidence for the business benefits of work-life balance policies has been growing in volume and strength. The studies show strong links between work-life balance policies and reduced absenteeism, increased productivity and job satisfaction. Other benefits include improved recruitment and retention rates with associated cost savings, reduced sick leave usage, a reduction in worker stress and improvements in employee satisfaction and loyalty, greater flexibility for business operating hours, an improved corporate image.

The Workplace Employee Relations Survey 1998 suggests that the workplaces that are doing best on a number of dimensions were those with 'high commitment management practices' well embedded in the labour process, and where a large proportion of employees feel committed to the organisation. They defined high commitment management practices to include policies on communication with employees and family-friendly working practices.

2.6 The impacts of work-life balance practices

'Positive' Impacts	Agree/Agree strongly
Fostered good employment relations	88%
Helped retain more female employees	79%
Helped reduce absenteeism	66%
Improved staff motivation and Commitment	64%
Helped lower labour turnover	60%
Helped increase productivity	50%
Eased recruitment	49%
'Negative' Impacts	
Increased managerial workloads	37%
Increased overall costs	31%
Led to shortages of staff at key times	27%

Base: 267(number of authorities responding to the question)

Source: DETR survey of local authorities, 2000

2.7 Industries prominence towards work-life balance policies & programs

Businesses and HR professionals have also shifted with many aligning work-family/work-life balance practices with a broader, more strategic focus on fostering employee engagement, i.e., motivating, recruiting and retaining employees in a highly competitive environment. Flexible work arrangements, telecommuting, and a variety of leave, family support and wellness programs are more often integrated and aligned with business objectives. Researchers have noted that organizational culture and supervisory support are key factors in accounting for the availability and effectiveness of work-life balance practices.

“The Indian IT industry is becoming increasingly conscious of the work-life balance and have therefore devised several initiatives that would help strike a balance in improving employee commitment, productivity and motivation,” said Rosita Rabindra, Executive Vice-president and Head of HR, NIIT Technologies. She pointed out that work-life programs and policies are designed to create more flexible, responsive environments to support a productive workplace by maximizing employee work-life effectiveness. There is a significant body of evidence provided by major UK and world-wide employers such as IBM, GlaxoSmithKline, BT, Lloyds TSB and others, which shows that work life balance policies and practices can bring clear benefits to their business (see The Business Case, DTI, 2001 and A Good Practice Guide, DFEE, 2000). There is a wealth of information that outlines the advantages of offering flexible and special leave arrangements to employees in terms of improving staff recruitment, reducing turn-over, absenteeism and the costs associated with all this as well as increasing employee satisfaction and productivity.

According to European Diversity Research & Consulting the most frequently implemented work-life balance programs in Europe are:

1. Part-time work (employee) - 97.4%
2. Flexible start and finish times- 94.8%
3. Flexible break times- 93.0%
4. Phased out/phased in part time- 88.7%
5. Health checks - 81.8%
6. Part-time work (managers) - 81.7%
7. Seminars (stress, time) - 80.9%
8. Telecommuting- 76.5%

(As cited in Parflraman, D. (2007). *Europe's progress in promoting work-life and diversity in the workplace*. Executive Action Series. Ottawa, ON: The Conference Board of Canada.)

Work-life balance policies in France are very well developed. Indeed Aybars (2007) suggests that along with Denmark, France is one of the 'pioneers' of family-friendly measures.(Ibid.)The combination of an ageing workforce and a falling birth rate led Japan to encourage the establishment of flexible work-life balance practices. Cole (2006).Family supportive organizational cultures have been associated with an increase in use of work-life balance practices.Moreover, employee perceptions that an organizational culture is family supportive are related to lower job stress and WFC and higher positive spill over between work and home, as well as to higher job satisfaction and organizational commitment and lower turnover intentions. Indeed, in a study of organizations with more than 250 employees in Québec, Guérin et al. (1997) reported that the most important impact of work-life balance practices was an improvement in job satisfaction.

Landauer (1997) has reported that in a survey conducted by IBM in 1992, employees in general rated work-balance practices as sixth out of 16 factors that encouraged retention compared to the highest performers who rated work-life balance practices as second. Lewis and Cooper (2005, p.10) observe, work-life balance policies are associated with offering employees the chance to work flexibly, and notions of flexible working were "originally considered within equal opportunities programmes", with a particular focus on working mothers. Swan and Cooper (2005) and Worrall and Cooper (1999) observe that the best way of reducing sickness levels among working parents in managerial and professional roles would be to reduce working hours and to offer men and women more opportunities to work flexibly.

2.8 Awards endowing by industries for operative work-life balance policies & practices

1. **BT** is sponsoring a **Carers in Employment Award**, in association with Carers UK.
2. The **Ford Motor Company** is sponsoring a **Driving Diversity Award** for work-life balance initiatives which have enhanced the diversity of a workforce, in terms of culture, ethnicity, gender, age, disability or other factors.
3. The **NSPCC** is sponsoring a **Family Friendly Award** for employers who have policies and practices which enable ongoing flexible working and support for working parents of older children.

4. **Lloyds TSB Scotland** is sponsoring the **Scottish Employer of the Year Award** for employers with the best work-life balance policy and practice in Scotland.
5. **PARENTS AT WORK** is also launching its own **Innovation Award** for leading edge work-life balance policy and practice not covered by any of the other awards.

2.9 Impact of Family-Friendly policies towards Employee commitment

There is mixed evidence regarding the cost-effectiveness of work-life balance and family-friendly policies. Some research links these policies with reduced levels of employee turnover, increased employee satisfaction, commitment and productivity, and decreased rates of physical and emotional disorders associated with work-life conflict (for a review see Brough and O'Driscoll 2005). For example, Glass and Riley (1998) demonstrated that a positive relationship existed between the provision of adequate maternity leave and reduced rates of turnover in US female employees. Similarly, Australian research found that 70% of businesses that incorporated telework options reported a number of positive benefits, such as increased business productivity and reduced costs, improved employee flexibility and work-life balance, and increased workforce participation (Australian Telework Advisory Committee 2006).

A major study funded by the Joseph Rowntree Foundation and carried out on a nation-wide level by researchers at the university of Cambridge (Dex and Smith, 2002), concluded that:

1. There are positive effects on employee commitment from having family-friendly policies.
2. Approximately nine out of every ten establishments with some experience of these policies found them cost effective.
3. Increase in performance was associated with having one or other family-friendly policy in the case of five out of six performance indicators. (Ibid: p.42)

Practices that are typically associated with 'family-friendly' provisions that may ease the stresses on employed parents and caregivers such as maternity, paternity, parental and adoption leave, child care and elder care supports, and options to work at home or with more flexible schedules to accommodate work and care.

3. Conclusion

Work-life balance and employee engagement becomes a visible benchmark among high-performing organizations that reap the economic and reputational benefits of being publicly recognized as a 'best place to work' or an 'employer of choice'. Many Family-friendly organizations feel the need for work/ life balance which include recruitment and retention of valuable work force, reduced absenteeism, reduced employee stress, health benefits, job satisfaction, and better life balance. It has been suggested that an effectiveness of work-life balance policies and practices must incorporate the effects of workplace culture and supervisor support of employees' efforts to balance work and Family responsibilities. Developing and maintaining a culture that enables and supports the opportunity to have a desired work life balance and to promote the benefits of the employee & organization. (Wheeler et al. ,2006) agrees that a strong organizational culture increases employees intent to remain in the organization. Work-life balance must be supported and encouraged at all levels of the organisation, including senior management, line managers and

all staff. An organization which encourages work-life balance policies and practices will win the benefits of augmented employee engagement and also a positive outcome is dependent on a workplace culture that is supportive of using work-life initiatives.

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