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# How work-life balance builds employee engagement

Work-life balance initiatives are a powerful recruitment tool for New Zealanders trying to meet work, family and other commitments while leading a full and healthy life but do employers who encourage work-life balance reap other benefits?

Recent EEO Trust research explored the connections between work-life balance and employee engagement and effort, asking the question, “Will employers which support work-life balance tend to have more loyal, productive and motivated staff?”

The project involved an international literature review followed by a survey of 912 employees at 15 workplaces of various sizes operating in a wide range of business sectors.

## Linking work-life balance and employee engagement

Early this year, Dr Mervyl McPherson of the EEO Trust reviewed research related to discretionary effort, also referred to as ‘employee engagement’, to examine any links with work-life balance initiatives. She concluded that links do exist but only in the presence of a positive workplace culture. Hence, she argues, discretionary effort and productivity can be increased by supporting work-life balance at all levels of a workplace.

This is critical information for employers concerned with raising productivity by whatever means possible.

The positive effects of work-life balance initiatives on productivity have been demonstrated in individual case studies

and statistical research across a range of organisations where the workplace culture is supportive. Researchers argue that in exchange for the ‘gift’ of work-life provisions, employees “offer the ‘gift’ of discretionary effort, thereby increasing productivity”.<sup>1</sup>

However, an overall supportive workplace culture is vital to reaping the productivity gains of work-life balance initiatives. Organisational culture has been informally described as ‘the way we do things around here’. It encompasses shared beliefs and assumptions which may operate unconsciously and are often developed over time and embedded within an organisation.

<sup>1</sup>Konrad and Mangel, 2000: The impact of work-life programs on firm productivity. *Strategic Management Journal* 21(12):1225-1237

One example of how current workplace cultural assumptions are in conflict with new ways of living relates to the concepts of full-time and part-time work. Full-time work, which tends to be seen as the norm, fits the ideal worker/male breadwinner culture of the past. Part-time work is better suited to the new social reality of dual income families and a move towards greater gender equity in child-raising.

A problem with the work-life initiatives being introduced by some organisations is that they create new ways of working without addressing the underlying assumptions that reward only the old ways of working. In workplaces without supportive cultures, people who take advantage of the new ways tend to be negatively affected through less access to training, promotion and other benefits. Employees therefore become unwilling to use work-life initiatives.

## Discretionary effort – going the extra mile

'Discretionary effort' is the extent to which employees give extra effort to their work. It is seen as an outcome of employee engagement, which also involves a mental and emotional commitment to the job or organisation. Discretionary effort is given by an employee in exchange for some benefit and results in increased productivity.

Discretionary effort and employee engagement are therefore important issues for businesses and economies seeking to improve productivity and

competitive advantage.

Engagement (commitment and effort) accounts for roughly 40% of observed performance improvements, according to a 2004 Corporate Leadership Council survey.<sup>2</sup>

This study found that the greatest impact on discretionary effort comes from emotional commitment to one's job and the organisation.

Discretionary effort is a relatively new research field but a number of studies confirm what one would intuitively assume; that there is a positive link between discretionary effort and productivity.

## Work-life balance and discretionary effort

The link between work-life balance initiatives and discretionary effort is more complex. The available evidence indicates that a positive relationship between work-life balance and discretionary effort depends on a supportive workplace culture. Workplaces can improve employee engagement, discretionary effort and productivity by supporting work-life balance, but this depends on a culture that wholeheartedly supports work-life balance.

As part of its exploration of work-life balance, employee engagement and discretionary effort, the EEO Trust talked with staff at a number of workplaces to determine what difference supportive

<sup>2</sup>The effort dividend: Driving employee performance and retention through engagement. [www.corporateleadershipcouncil.com](http://www.corporateleadershipcouncil.com)

management made to their commitment to their work.

Cassandra Booth had been working for Vero in Christchurch for more than 10 years when she saw an Auckland-based career opportunity with Vero as Business Improvement Manager.

She suggested to New Zealand Underwriting Manager, Duncan Copley, that she fill the role by commuting from Christchurch. He agreed and for two years Cassandra has been flying up from Christchurch every Monday morning and back down every Thursday night or Friday morning. She pays all the costs associated with commuting while Vero provides a laptop and AirCard so she can work while she travels and from home on Fridays.

She says the arrangement suits her and Vero. "It works really well. I had outgrown my job in Christchurch and there was no opportunity for me to advance any further. By working in Auckland I have been able to enjoy a more challenging role, and the commuting doesn't disadvantage Vero, in fact I probably do more work hours than I would if I was living at home all week!

"You're very grateful and you don't want to short-change your employer. Basically, they've bought your loyalty."

Duncan Copley agrees that the arrangement works well from his side. "We're able to provide Cassandra with a role and challenges that she really enjoys," he says. "This role wasn't available within our company in Christchurch, whereas we were struggling to find the right resource in Auckland."

## Employee survey – initial results

As part of its project on work-life balance and employee engagement, the EEO Trust offered EEO Employers Group members the opportunity to use an online survey to explore the views of their staff. Fifteen members from a range of industry sectors including recruitment, education, transport and research used the survey which was answered by more than 900 employees. The survey asked the employees about:

- Their work-life balance
  - Workplace support for work-life balance
  - Their engagement with their work
- The survey results are still being

analysed and reports prepared for the participating workplaces.

Initial results show that some of the respondents were happy with the support they received from their employer while others had difficult experiences to recount.

For example one respondent wrote, "I really enjoy my job and it is important to me so I don't really take time off. On saying that, my employer has been very understanding when I have had to leave early or had appointments."

And another, "Returning to work after several years raising young children, it was important to me that my hours be flexible enough to allow me to remain involved in my children's lives. My employer has provided this and my managers have been incredibly

supportive."

Another respondent was understanding of the limitations on flexibility imposed by her role. "My role doesn't allow it. I know the company would try to accommodate but with the reactive nature of my role it is hard to do that."

Some respondents complained of overwork interfering with their work-life balance. "I have so much work to do that I put in about 70 hours per week, without any additional pay. No time for trivial (but important) things," one commented.

*The literature review is available at [www.eeotrust.org.nz/research/index.cfm](http://www.eeotrust.org.nz/research/index.cfm). If you would like a copy of the full research report, contact the EEO Trust and we will send it to you when it is complete.*

"I consider we get extremely good value from this arrangement in terms of output, productivity and loyalty from Cassandra."

Law firm and Crown solicitor Meredith Connell won the Large Organisation Award at the EEO Trust Work & Life Awards last year. Work-life initiatives include a very supportive culture, generous leave, flexible work practices, social events, health and wellbeing support and support for study.

One example shows the effects of supporting people in all aspects of their lives. A few weeks after lawyer Soana Moala started work with Meredith Connell, she discovered she was pregnant. She thought that would be the end of her career, however, the firm arranged leave and hours to suit her needs as a single parent.

Her response? "We work really hard for them in return and we're really loyal to them."

Another organisation that takes work-life balance seriously is MS Auckland which offers services and programmes to people with multiple sclerosis in the Auckland region. Like many small employers, MS Auckland is not strong on

putting together the paperwork to develop employment policies or procedures but 'flexibility is the key'.

For example, Janet Phare is a fieldworker who commutes from her home in Papakura to MS Auckland's Sandringham office. As her clients all live in South Auckland, she has the autonomy to manage her work hours to suit herself and her workload.

So, what is the result? Does she go the extra mile? And can she do it in a way that is healthy and sustainable?

As an example of her commitment to MS Auckland, Janet describes how, recognising that many clients needed a networking event outside work hours, she initiated a monthly Sunday lunch for up to 20 clients and their partners. This requires her to give up much of her Sunday once a month but she does so willingly, knowing that the event is important to her clients. She is also able to take time in lieu whenever it fits with her work commitments.

MS Auckland runs many weekend events and often calls on staff to give up their weekends to help. Staff happily volunteer to ensure such events go

smoothly. They receive time in lieu but it's their commitment to the organisation and each other, rather than a few hours off during the week, that is their real motivation.

At the Auckland Chamber of Commerce, work-life balance is about encouraging people to bring the whole of themselves to their work. The Chamber has a flexible and supportive work environment which Chief Executive Michael Barnett believes results in a greater contribution to the IP being created for the Chamber.

Chamber staff agree. Penny Smith has been with the Chamber since late 2005. She manages the skilled migrant work experience programme and another programme assisting clients on the domestic purposes benefit into work.

As sole parent of her five-year-old daughter, she manages her work around school hours. "Michael said just make it work," she says. "He really does take an interest in our lives outside work. It makes a huge difference and I love my job so I have no hesitation about going beyond the call of duty."



# Business leaders tell diversity success stories on DVD

Five versatile and hugely successful New Zealand workplaces have told their stories to the camera for an EEO Trust project which gave businesses the opportunity to speak for themselves about the benefits of a diverse workforce. These employers understand that the best workforce does not necessarily come in the packages it used to and are harnessing the creativity and talent unleashed when a diverse team of people is brought together.

*Diversity in the Workplace* is the resulting DVD. It profiles five workplaces and includes comments from some of New Zealand's best known business leaders including ex-Westpac CEO Ann Sherry and Vector CEO Mark Franklin.

Ann Sherry summarises one of the DVD's most potent messages, "We have a much more diverse community in New Zealand than was the case five to 10 years ago. There's a really capable group of people out there who are currently struggling to get work in a labour market where we are struggling to get people."

Toll is one of the companies featured on the DVD, with a particular emphasis on its positive approach to cultural diversity which was recognised in the EEO Trust Work & Life Awards in 2005.

Group General Manager of Toll Tranzlink Greg Miller explains why Toll has established a range of workplace practices which recognise and encourage employees' diverse cultural backgrounds. "If you look at significant businesses in New Zealand that have embraced the cultural diversity and the importance

of understanding their cultures, there is a bottom-line impact: staff retention, people development, satisfaction in the workplace, productivity and outputs. There's a huge amount to be gained from embracing your cultures."

Another EEO Trust Work & Life Awards winner, Mt Albert Pak 'n Save owner Brian Carran, also has extensive experience of working with people from a wide range of cultures and has a similarly strong message for other employers.

"What we're doing here is what everybody has to do in the new New Zealand. We are multicultural, it's never going to be turned back to what it might have been when I was a boy. There are now 27 different cultures working here. That is New Zealand today folks, face up to it, take advantage of it, learn from it and I'd say enjoy it."

The DVD also explores the benefits of encouraging work-life balance. The owners of IT firm, Equinox, talk about why work-life balance is important to them personally and how it makes a difference to their business.

"When we set up the company in 1995 all four of us had young families," says one of the directors, Paul Ramsay. "Having a little bit more control over our own work and work-life balance was really quite important for us. With family there are times that you'll never get again so your child's first day at kindergarten or first day at school are really important moments in their lives."

The Equinox owners know that in order to succeed in the competitive IT industry, the company needs to recruit and retain

the right people. They were determined to create a workplace that puts people first.

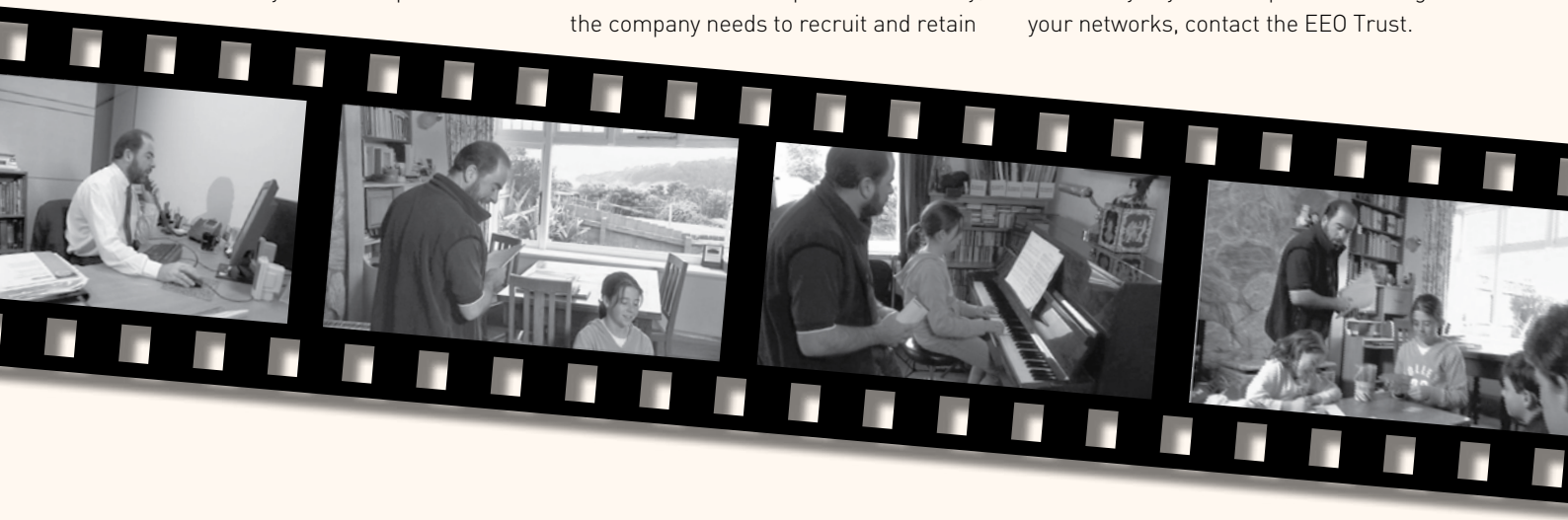
Equinox encourages people to fit their work around the other aspects of their lives by providing flexible working hours and discouraging people from working long hours. All staff are encouraged to set up and use a home office so they can work hours that suit them.

Flexible working arrangements are also critical to effective recruitment and retention for another company profiled on the DVD, INSIGHT Specialists in Assessment and Rehabilitation. This Christchurch-based company provides services to South Islanders who have suffered traumatic brain injury. It employs 12 full-time and five part-time staff and provides services from Nelson to Timaru.

Flexible working options give staff the ability to balance their work with their commitments outside work. People can move from full-time to part-time work as necessary and women returning to work after parental leave can pace their return to suit them.

The benefits for INSIGHT are a very stable workforce, low absenteeism and satisfied customers.

For a preview of the DVD go to [www.eeotrust.org.nz](http://www.eeotrust.org.nz). If you would like to use the DVD to communicate the benefits of diversity in your workplace or amongst your networks, contact the EEO Trust.



# Celebrating 10 years of work-life balance

The EEO Trust is marking the 10th anniversary of its Work & Life Awards with a day-long symposium exploring workforce diversity on 30 August. ANZ National Bank Ltd is the principal sponsor of this symposium, called *The Diversity Effect*. The day will be capped with the EEO Trust Work & Life Awards presentation dinner.

In 1998, the EEO Trust launched its Work & Family Awards to highlight an increasingly important social and business trend. Ten years on, the EEO Trust Work & Life Awards have contributed to broad-based acceptance that work-life balance is not only good for employees, it is good for business.

The innovative work-life initiatives offered by many of the winning workplaces in the early years of the Work & Life Awards have now become commonplace while new ways to support work-life balance have emerged.

Flexible working arrangements continue to be a key priority for employees and new technology is enabling employers to offer a greater range of options to staff who want to work from home.

Although shift work environments face more obstacles to offering flexible working, entrants operating within these constraints have improved recruitment and retention by giving employees more choice around their shifts.

In recent years, there has been an increasing focus on health and wellness initiatives. Many entrants have described comprehensive programmes to support employee wellbeing.

Employers now see encouraging work-life balance as a critical factor in effectively managing talent in New



Zealand's increasingly diverse and skills-short labour market.

The EEO Trust symposium will explore these and other issues, featuring:

- Author, Frans Johansson. In *The Medici Effect*, Frans Johansson clearly and persuasively shows what happens when different cultures collide and ignite an explosion of extraordinary new discoveries. As he says, "When you step into an intersection of fields, disciplines, or cultures, you can combine existing concepts into a large number of extraordinary new ideas."
- Darryl Harvey, Vice-President, Global Workforce Diversity at IBM. Global workforce diversity is a cornerstone of IBM's strategy to differentiate itself as one of the world's great companies. IBM recognises and values a culture of diversity and inclusiveness as an essential part of how it attracts and retains the best talent. It uses diversity to engender the innovative culture that defines IBM.
- Prof Louise Rolland of Swinburne University of Technology and Principal at Ernst & Young Business Advisory Services. In 1997, Prof Rolland began actively researching and devising strategies around the impact of population ageing on business

sustainability. In 1999, she established Business, Work and Ageing to produce and promote information about the ageing of the workforce and its potential impact on Australian business. She recently joined Ernst & Young.

- Dr Sven Hansen of PricewaterhouseCoopers, who pioneered preventive health, stress mastery and emotional intelligence in New Zealand. Dr Hansen has focused his career on helping people build resilience into their lives alongside coaching organisations to lift the engagement of leadership and culture. Dr Hansen works extensively in professional firms and banks across Australasia and regularly contributes to leadership forums and courses.

This year's EEO Trust Work & Life Awards (supported by IBM) include a new diversity category to recognise workplaces which encourage and support diversity. A large number of entries had been received for the Diversity Award at the closing date for entries, 31 May. Entries in all other categories are also strong, promising an exciting night on 30 August.

For more information about *The Diversity Effect* or the EEO Trust Work & Life Awards go to [www.eeotrust.org.nz](http://www.eeotrust.org.nz).



## Why workplaces support work-life balance

- A positive approach to diversity including initiatives to support work-life balance resulted in substantial benefits for Mount Albert Pak 'n Save. Low staff turnover saves the supermarket approximately \$100,000 per annum.
- Work-life balance initiatives improved retention of graduates at engineering consultancy Harrison Grierson, saving the firm \$1,000 per graduate per annum.
- Law firm Meredith Connell says its work-life balance initiatives have helped retain valued staff. The cost savings of low staff turnover at Meredith Connell can be conservatively quantified at \$360,000 per annum.
- When O-I New Zealand in Penrose introduced comprehensive training, education and health programmes, it achieved significant reductions in absenteeism, overtime hours worked and lost time due to injury.