



2 Family-friendly work practices

Work arrangements analysed

Four “family-friendly” work arrangements are analysed in this paper:

- control over start and finish times (hours flexibility);
- access to a telephone for family reasons;
- availability of permanent part-time employment; and
- type of leave used for the care of a sick family member.

Control over start and finish times

Some control over the scheduling of work to meet unexpected and routine needs of family life is considered one of the best ways to assist a worker with family responsibilities (Friedman and Galinsky 1992; International Labour Office 1993; VandenHeuvel 1993). While workplace agreements can give employees limited control over start and finish times, in practice managerial discretion is very important, with flexitime arrangements often made available on a case-by-case basis. Hence employees who have a strong bargaining position or more sympathetic supervisors are more likely to have control over their working hours. Flexible start and finish times can only be considered to be family-friendly if the flexibility is employee controlled.

Access to a telephone for family reasons

Access to a telephone at work for family reasons can be very important in balancing family and work responsibilities. Such access enables employees to make care arrangements, check up on family members and be contactable in the event of any problems (Wolcott and Glezer 1995). While mobile telephones go some way towards alleviating this issue,³ not all employees can afford them or have access to them in their employment setting. Further, their use may be restricted by workplace safety or other protocols.

Availability of permanent part-time employment

Permanent part-time employment has been advocated as a family-friendly work practice because it allows employees with care or other family responsibilities to reduce their working hours while retaining the benefits of permanent employment. Such benefits include pro-rata entitlements to sick leave, holiday pay, maternity leave and long-service leave.⁴ There is strong survey-based evidence that women value permanent part-time employment as a means of balancing work and family responsibilities (Wolcott and Glezer 1995).

Type of leave used for the care of a sick family member

The ability to take time off from work in order to care for a sick or dependent family member can be vital when children are ill or when elderly relatives require assistance. While the AWIRS95 data indicate that only 3 per cent of employees are not able to take time off in any form, the ways in which such time is generally taken can vary markedly. For example, many employees are

required to take such time as leave without pay, holiday pay or sick pay, which impacts on earnings and the ability of employees to take leave for themselves when required. Clearly, paid “family leave” accrued separately from other forms of entitlements will be preferable for the overwhelming majority of employees.

A brief introduction to the literature

This section presents an overview of the literature about employee needs and workplace preferences for family-friendly work practices; employer rationales in choosing to implement (or not) family-friendly policies and practices; and the types of employees to which family-friendly work practices, where available, are offered.

Employee needs and preferences

The value a person places upon having access to family friendly work-practices will depend upon a number of factors including need. This will be closely related to the age and number of children in their household, assistance by others (including partner, other family members or friends) with caring responsibilities, and the availability and affordability of child care services. The need for, and value placed upon, family-friendly work-practices will vary over the life-course. For example, young workers often need time to establish new relationships and new households, to care for small children, and to undertake further education that will enhance their work prospects or career. Over the life-course these pressures change as children become teenage and move into adulthood, as relatives become aged or disabled, and as adults re-examine their personal relationships and goals.

The balancing of work and family responsibilities is particularly difficult for mothers who, in spite of their increasing rates of employment continue to undertake the majority of housework, child care (Bittman and Pixley 1997) and care of older family members (Fine 1994; McDonald 1997).⁵

Employer rationales or incentives

Economic models of the employment decisions by firms generally assume that organisations will employ a particular person if the benefits to the firm of employing that person outweigh the costs. The benefits to the employer are generally the net contribution the employee makes to the output of the employer. The costs are all the costs associated with employing the person, and will generally include wage and salary costs, on-costs, training costs and the benefits provided to the employee (for example leave, access to a telephone for family reasons and so on). In general, employers make employment and pay decisions on the basis of the total cost of employing a particular person. The voluntary introduction of a family-friendly work practice must therefore be seen to be in the best interests of the employer in terms of the costs and benefits associated with the particular policy or practice.

The determination of access to family-friendly work practices

Differences in preferences relating to the pecuniary and non-pecuniary aspects of a given job may lead to individual employees negotiating a combination of wage rate and non-pecuniary benefits that maximises their well-being. The ideal mix of monetary and non-pecuniary compensation will be specific to each employee and will depend upon the individual's underlying preferences, as well as their need for a given work practice. For example, an employee with young children may value flexible start and finish times more highly than an employee with adult children.

Standard economic theory suggests that employers will be indifferent as to the mix of the level of pecuniary compensation and non-pecuniary aspects of a job which produce the same cost to the employer and result in the same level of productivity. Employees will therefore bargain with employers over pecuniary compensation as well as the non-pecuniary aspects of a job in order to reach the mix of financial compensation and job conditions which maximises their well-being. Employees who place a very high value on family-friendly work practices will be prepared to negotiate for lower wages in return for greater access to these work practices. Employers will be happy to do this since it has no impact upon their profits. The economic literature refers to this trade-off between wages and better non-pecuniary aspects of a job as a compensating differential (Ehrenberg and Smith 1997).

Of course, in reality, the extent to which individual employees negotiate with employers the mix of financial compensation and non-pecuniary aspects will be limited. Typically a job has a specific set of terms and conditions with only limited provision for variation. Often these conditions have been set by a process of collective negotiation between unions and employers.

Employees who place a high value upon a particular set of work practices may look for employers and jobs where these are offered. Hence we may expect to see a sorting of employees into jobs according to the value placed on the work practices being offered. It is important to remember that people with low skills, educational levels, little work experience or living in areas with few jobs will have less choice of employment overall. The ability of such employees to choose between jobs will thus be severely weakened.

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The extent to which employees with access to family-friendly work practices receive a lower wage than they would in the absence of such practices is an empirical question. At least one study using data from the United States of America (US) provides some evidence that the introduction of mandated maternity benefits results in women receiving lower wages (Gruber 1994). This implies that the costs of providing the maternity benefits are, at least in part, borne by employees.⁶

The discussion to this point has assumed that the provision of family-friendly work practices is an additional cost. However, there are potential benefits to employers in terms of the productivity of their workforces. Possible benefits include improved recruitment and retention of workers, and greater productivity resulting from better morale and reductions in tardiness and absenteeism (Blau, Ferber and Winkler 1998). It is often less costly to provide workers with leave or assist them in finding child care than to train new employees (Glass and Estes 1997; Dickens 1994).

Employers may see offering family-friendly work practices as a recruitment tool, both for the actual practices they provide and as a signal of broader attitudes within the organisation (Rodgers 1992; Osterman 1995). This explanation leads to two hypotheses: (i) the likelihood of implementing work-family programs is positively related to the percentage of the firm's labour force that is female; and (ii), independent of the gender composition of the labour force, firms for which issues such as absenteeism, tardiness and recruitment are the most serious are more likely to introduce family-friendly work practices.

If offering family-friendly work practices increases the value of a job relative to other available jobs then the costs to the employee of losing the job are increased. This is argued to increase employees' work effort since the costs of losing the job as a result of shirking are also increased – the so-called “efficiency wage” hypothesis (see Katz 1986 for a review of efficiency wage

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models). In general, employers are most likely to use an efficiency wage strategy for employees whose work effort is difficult, if not impossible, to directly observe. Employers may also offer family-friendly work practices as a way of reducing worker turnover. Employers are most likely to want to retain employees in whom they have invested a great deal of training or who are expensive to replace due to a shortage of skilled personnel.

The costs of making available family-friendly work practices is likely to vary between jobs. For example, the impact upon productivity of giving employees flexibility over start and finish times can be very high in jobs in which employees rely upon other employees being present – for example, on production lines. Employers will be less likely to make available the work practice to employees working in jobs in which it is more expensive to offer it.

The empirical evidence is that large firms have often been at the forefront of implementing family-friendly work practices (Whitehouse and Zetlin 1999). This is probably because in small firms, even the short-term loss of a single, highly-trained individual may have a substantial impact on the operation of the business whereas large firms can better cope with the temporary absence of an employee (Blau, Ferber and Winkler 1998).

In summary, the profit maximising (or cost minimising) behaviour of employers means that they are likely to differentiate between employees in the extent to which family-friendly work practices are made available and the ease with which employees use them. The theoretical models discussed above suggest that employers are most likely to offer family-friendly work practices to employees in whom they have invested training, who are difficult and costly to replace, or who are able to effectively collectively bargain. Differences in life circumstances mean that employees may desire different work practices and hence may seek employment in workplaces which offer the work practices that best meet their needs, or may negotiate with employers to trade off wages for access to family-friendly work practices.