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# **RECESSION AND WORK-LIFE BALANCE INITIATIVES**

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# **RECESSION AND WORK-LIFE BALANCE INITIATIVES**

## **ABSTRACT**

Over the last six decades work-life balance emerged as an important human resource management aspect for employers. Globally, a wide gamut of work-life balance facilities is being provided by a large number of organisations. Recent economic downturn has witnessed a sudden interruption in the spread and growth of work-life balance facilities at organisational level. This paper presents the key recessionary reasons which have negatively influenced employee work-life balance. Further, important recession specific benefits which organisations can avail due to enhanced employee work-life balance have been presented followed by suggestions for adapting work-life balance facilities under current economic downturn as well as in any such situation in the future.

## **KEYWORDS**

Work-life balance, work-life conflict, recession, work-life balance benefits, employee benefits, employee engagement.

## **INTRODUCTION**

Globally, for large numbers of employers and employees, work-life balance has become an important issue. Working male or female has to keep a balance between work and personal life related demands. With incessant increase in workload, working time, work intensity and technological complexities, working individuals continuously face conflicts between their work and personal life demands. Individuals attempts to minimise the conflict between work and life demands resulting into a better state of work-life balance. Following definition of work-life balance better explains the meaning of work-life balance.

*“Work-life balance is a self-defined, self-determined state of well being that a person can reach, or can set as a goal, that allows them to manage effectively multiple responsibilities at work, at home, and in their community; it supports physical, emotional, family, and community health, and does so without grief, stress or negative impact.”* (HRSDC 2005)

Thus work-life balance varies individually while a working individual attempts to harmonise the co-existence of his/her work, career, family, health, social, financial and other important aspects of life. Though work-life balance is an individually defined state of well being, yet it can only be achieved to a large extent with the support of employing organisation. Globally, a large number of employers are today providing work-life balance facilities such as telecommuting, flexible work timings, compressed work weeks, annualised working hours, job sharing, reduced working hours and part time working for a part of the year, on-site health check-up, mentoring, career counselling, financial coaching for planning funds for child’s education and retirement planning (Naithani and Jha, 2009b).

Work-life balance facilities at organisational level have suddenly faced some setbacks originating from the current economic downturn as many organisations have started to view such facilities as expendable expenses. Increasing numbers of organisations have started to either curtail work-life balance facilities or are contemplating to do so.

## **IMPACT ON WORK-LIFE BALANCE DURING CURRENT RECESSION**

Recession in economy results into rise in the bargaining power of employees (Nyhan 2009). Due to the fast paced globalisation in the recent decades the present recession is more global in nature and has had broader global impact when compared to past recessions, resulting into

expected fall of 1.5 per cent in the world output in the current year (Weale 2009). In USA, in 2008, over 2.5 million jobs were lost (Weinstein 2009). UK is expected to face the challenge of over three million unemployed workers (Wain 2009). According to recent International Labour Organisation estimates, global unemployment is expected to rise up to 51 million by the end of the current year (ILO 2009).

More number of organisations globally are now choosing the options of reduction in workforce headcount which will further intensify the work, increase occurrence of unpaid overtime and employees will be expected more to deliver better performance and achieve tougher targets (Brough et. al. 2008). Wide spread job losses, lack of job security, poorer job alternatives and higher employee expectations will have a direct impact on employees. Under present recession increasing number of workers will face disruptions in their career which will have a negative impact on their family and work lives (Lippmann 2008). This in turn will negatively influence employee engagement and workplace productivity. Organisation in these difficult times will need to address the work-life balance issues with utmost care, so that they can leverage their human capital to the maximum during the present difficult times. In an attempt to enhance work-life balance of employees, organisations need to first comprehend the various negative impacts current recession and short term organisational policies have had on employee work-life balance (Naithani, 2010). Following section of this paper presents a detailed analysis of the same.

Following are the major recessionary factors which are directly influencing the current work-life balance of employees (Hay Group 2009; Naithani and Jha 2009a; Wilkinson 2009; Brough et. al. 2008; Hansen 2008; Lippmann 2008)

- Freezing/reduction of salaries
- Freezing/reduction of bonus/incentives
- Reduction in benefits such as health benefits, retirement or pension benefits
- Reduced opportunities of employer sponsored training and development programmes.
- Job loss/ instability in short and medium term due to increase in downsizing
- Prolonged period of unemployment and forced job searching for those who have not done so for years and decades.
- Disruption in career development
- Non-voluntary career change
- Non-voluntary acceptance of early retirement packages

- Increase in work-intensification and work load
- Increase in unpaid overtime
- Expectations of higher employee performance
- Constant fear of loosing job resulting into stress, poor health and productivity
- Non-voluntary acceptance of lower paying jobs
- Taking up of second job to meet up the expenses
- Reduced work life balance

In a recent survey of 50,000 global workers, only 30 percent reported satisfactory work-life balance, in comparison to 53 percent employees reporting satisfactory work-life balance in 2006 (Corporate Executive Board 2009). Thus, recession is creating a direct negative impact on employee work-life balance and is affecting employee engagement and workplace productivity, which in turn may negatively influence organisational profitability.

### **Impact of recession on older workers and working mothers**

When displaced, it is the older workers who face higher degree of challenges in finding a new job (Koeber & Wright, 2001 as cited by Lippmann 2008) as such they tend to suffer more during the recession. In manufacturing based industries, wages of an individual worker increase over a period of time due to their seniority and when such older workers loose their jobs they are less likely to get re-employed soon and even if they get re-employment they tend to loose on salary in a new job (Koeber & Wright, 2001 as cited by Lippmann 2008).

In advanced nations such as the USA, there exists gender gap in recession as male dominated industries such as construction, manufacturing and finance are the worst hit where as female dominated professions such as healthcare and education are growing (Holahan 2009). Further, more men are loosing jobs due to higher average salary and downsizing of higher level male dominated jobs. As such more numbers of families are dependent on working mother's salary (Nyhan 2009). Working mothers are returning early to work after shortening their maternity leaves, they are working longer hours and willing to take up lesser paying jobs to continue to be in employment (Nyhan 2009).

A large portion of global workforce is women and working mothers and especially in advanced nations a significant number of employees are older workers. As these sections of workforce are getting immediately influenced by imbalances in their work and personal life,

their workplace productivity is also getting diminished. The long term negative impact will take some time to get reflected in the balance sheets of organisations globally as such no immediate attention by short sighted organisations is being given to this section of employees.

## **RELEVANCE OF WORK-LIFE BALANCE IN CURRENT RECESSION**

Many recent employee surveys, including a recent survey of 50,000 global workers conducted by Corporate Executive Board (2009) found that work-life balance to be the second most important factor for attracting employees during the current recession. Under the current economic slowdown employees may suffer more by not raising the demand for work-life balance policies. Employees, due to their own job insecurity and anticipated future uncertainty may shy away from asking for work-life balance policies. Under such circumstances, still work-life balance stands out as a prominent factor for employee attraction as has been proved by the Corporate Executive Board survey.

Even after being identified as early as in the 1980's and 1990's, there still exists a significant gap between the perception of human resource executives and responsible for implementing work-life balance policies and other employees about the satisfactory levels of current work-life balance policies in organisations. In a recent survey (Corporate Executive Board 2009) 60 percent of the human resource executives reported satisfaction with the current work-life balance policies in their respective organisations; in contrast only 16 percent employees shared their views. This highlights the fact that organisations on one hand are not only neglecting the importance of work-life balance initiatives, they are also to a large extent unaware of the degree of importance employee hold for availability of work-life balance initiatives.

### **Benefits of enhanced employee work-life balance during current economic downturn**

Enhanced work-life balance of employee results into a wide gamut of benefits to the employer. McDonald & Bradley (2005) listed the following important benefits

- Employers get to select better quality employees as they get choice of larger talent pool through positive employer branding
- Employees with enhanced work-life balance report improved levels of mental and physical health, reduced levels of absenteeism and are more productive at workplace

- Organisations with better work-life balance policies report higher levels of employee job satisfaction and lower levels of employee turnover.

In addition, review of literature highlighted some recession specific benefits which organisations can avail if they focus on enhancement of employee work-life balance.

### **Recession and talent shortage**

Manpower Inc recently surveyed 39,000 employers in 33 countries and found that 30 percent employers were having trouble in filling up vacancies due to talent shortage (Manpower 2009). Thus the job markets may be overflowing with resumes but there still is scarcity of talented candidates. . In recessionary economy, when organisations are depending on reduced number of employees, they need to retain the key talent within organisation. Proactive and farsighted organisations are using work-life balance programmes to retain the key talent as well as to create a ground for attracting outside talent

### **Recession and absenteeism**

Increase in workload and stress during the current recession has had immediate impact on employee absenteeism. According to various recent research reports cited by Baker (2009) people who worked more number of hours or had increased workload also reported higher degree of work related stress and were more prone to absenteeism. Under such circumstances of increased stress and its immediate and direct impact on employee absenteeism and organisational productivity, work-life balance programmes are more so needed.

### **Recession and benefits of telecommuting**

Telecommuting is gaining popularity during the current recession as more and more organisations are encouraging its employees to opt for telecommuting to save costs of real estate, cost of office maintenance, travelling expenses, commuting time and loss of productivity due to interruptions at workplace (Conlin 2009; Holland 2009). More numbers of companies are now offering free broad band internet access at home, office furniture to be set up at home, new laptops, Blackberry's etc to facilitate telecommuting.



It's a win-win situation where an employer saves on costs through telecommuting and employee saves on commuting time which can be dedicated to home/family needs. But telecommuting has its own share of disadvantages. Employee may feel alienated from work and workplace, may get addicted to internet, reduced physical movement may induce lethargy and work and home being at the same place the spill-over between work and home may increase (Conlin 2009). Due to requirement of regular contact between employer and employee, multiple communications channels such as internet, mobile, video conferencing etc become a necessity (Small Business 2009) and thus communication technology may enhance work to family interference

### **Recession and benefits of flexible working**

Flexible programs offered on a voluntary basis synergise well with the current economic slowdown. Voluntary acceptance of reduced working hours, compressed workweek or sabbaticals will help employees in gaining better work-life balance, reduce job insecurity due to reduced possibility of lay-offs. Organisations will also benefit by getting an opportunity to reduce salary expenditure and to prevent large scale layoffs. (Holland 2009). A current example is of KPMG Europe where partners, to collectively save their jobs, can now opt for a four day work week or a sabbatical for up to three months (Williams 2009).

Armed with the right blend of flexible working option, specifically focusing on older workers and care givers, British Telecom's human resource function reduced absenteeism by over 33 percent and reported 20 percent increase in productivity of 11,000 workers who opted for flexible working options (Baker 2009). Flexible working is now more than ever more suitable to working mothers, who can not take the risk of losing a job as many families already are suffering from job loss of the working fathers (Williams 2009).

### **Reduced working hours and availability of more time for family and home**

Reduced working hours will give more time to employees and they can utilise the same for their home, family, self development and other requirements as well as for enhanced earnings.

- Look for a second job and enhance monthly earning
- Utilise time for childcare and eldercare
- Spend more time with spouse, children, parents and other members of family.

- Utilise the opportunity for career development by enrolling for part time higher studies, vocational training, skill development.
- Allotting a part of extra time available for healthier lifestyle such as meditation, exercise, sports, healthier food etc.
- Involving more in significant other activities such as working as a volunteer for social development programmes.
- Learning how to plan for investment, children's education, retirement planning etc.

If employees are assisted and guided effectively on the above aspects, then organisations will be able to inculcate a higher sense of professional security and personal achievement in the minds of employees. This in turn will enhance employee workplace engagement.

### **Farsighted companies acknowledge the current relevance of work-life balance**

Farsighted companies have already started to accept the need of following major factors which will directly influence organisational productivity during the tough times of recession and are taking measures to address the issues (BCG 2009):

- Emotional well-being of employees in times of uncertainty
- Enhanced need of more engaged employees
- Enhancing employee commitment, morale and motivation
- Offer flexible working hours instead of pay rise to retain valued employees.

In a recent survey of 763 organisations from 66 countries it was found that though during the current recession though organisations are primarily focusing on short term objectives, yet in the near future they are expected to shift the focus on long-term objectives (McMullen 2009). Farsighted companies are sticking to the work-life balance initiative due to the medium and long term benefits that they will derive from such initiatives.

### **DISCUSSION**

Due to present economic downturn, employers and employees are facing a new set of challenges which they can overcome if faced jointly. Employers and employees both are hard pressed for short, medium and long term survival. During these difficult times if employers adopt a farsighted approach and attend to the work-life balance needs of employees, they get

to benefit through a more loyal, engaged and productive workforce. Thus employers need to promote work-life balance initiatives such as flexible working time, child care and elder care facilities, career guidance and planning, mentoring, phased and early retirement, coaching on financial planning, health and stress related counselling etc.

Some of the work-life balance policies which do not involve very high cost, can be leveraged by organisations to help employees achieve better work-life balance during the current economic slowdown. It is evident that current economic slow down has enhanced employee stress levels and this is the time when a focus on mental and physical health of an employee is much more desired. Basic counselling about healthier life style, healthier food, exercise and sports etc can be provided to employees at a minimal cost. Training on meditation, yoga, simple breathing exercises etc will be of great help to employees as well.

With reduced salary and bonuses/ salary and bonuses freeze etc, employees are under higher degree of financial stress and they can be further taught the basics of financial planning. This may include debt planning, investment planning, retirement planning, children's education planning etc. Referral services for voluntary work options can be provided to employees to develop a feel of contribution towards the society. Referral services for skill development and higher studies will also play a great role in utilising the free time of an employee. Further, low cost staff picnics and get together can be more frequently organised by employees to create a sense of bonding and security amongst employees.

Employees should be further supported in availing flexible working options such as telecommuting, flexible work timings, compressed work weeks, annualised working hours, job sharing, reduced working hours and part time working for a part of the year. Some organisation are exploiting the flexible working options such as reduced working hours as a cost cutting tool instead of genuinely attempting to improve employee work-life balance (William 2009). As such take up of flexible working options should be kept optional and not be forced on employees just for the sake of cost cutting.

## **CONCLUSION**

On one hand need of employee work-life balance has increased during the current economic downturn. On the other hand employees hard pressed for profits are finding reduction of work-life balance facilities the easiest way to cut cost. But this short term solution, in the long

run will lower employee engagement and make it difficult for an organisation to attract skilled and productive employees. Farsighted organisations need to not look at employee work-life balance facilities as cost but rather as a medium and long term investment. If employees take care of the work-life balance needs of employees during the present difficult times, then they will be the end gainers as they will benefit from the higher workplace productivity of employees with enhanced work-life balance.

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