



A Cost-Benefit-Approach concerning Specific Work-Life Instruments



An EU-co-funded Project as Part of the Action Program
for Equal Opportunities for Women and Men (2001-2005)



Bundesministerium
für Familie, Senioren, Frauen
und Jugend

Bonn
Projektleitung Deutschland



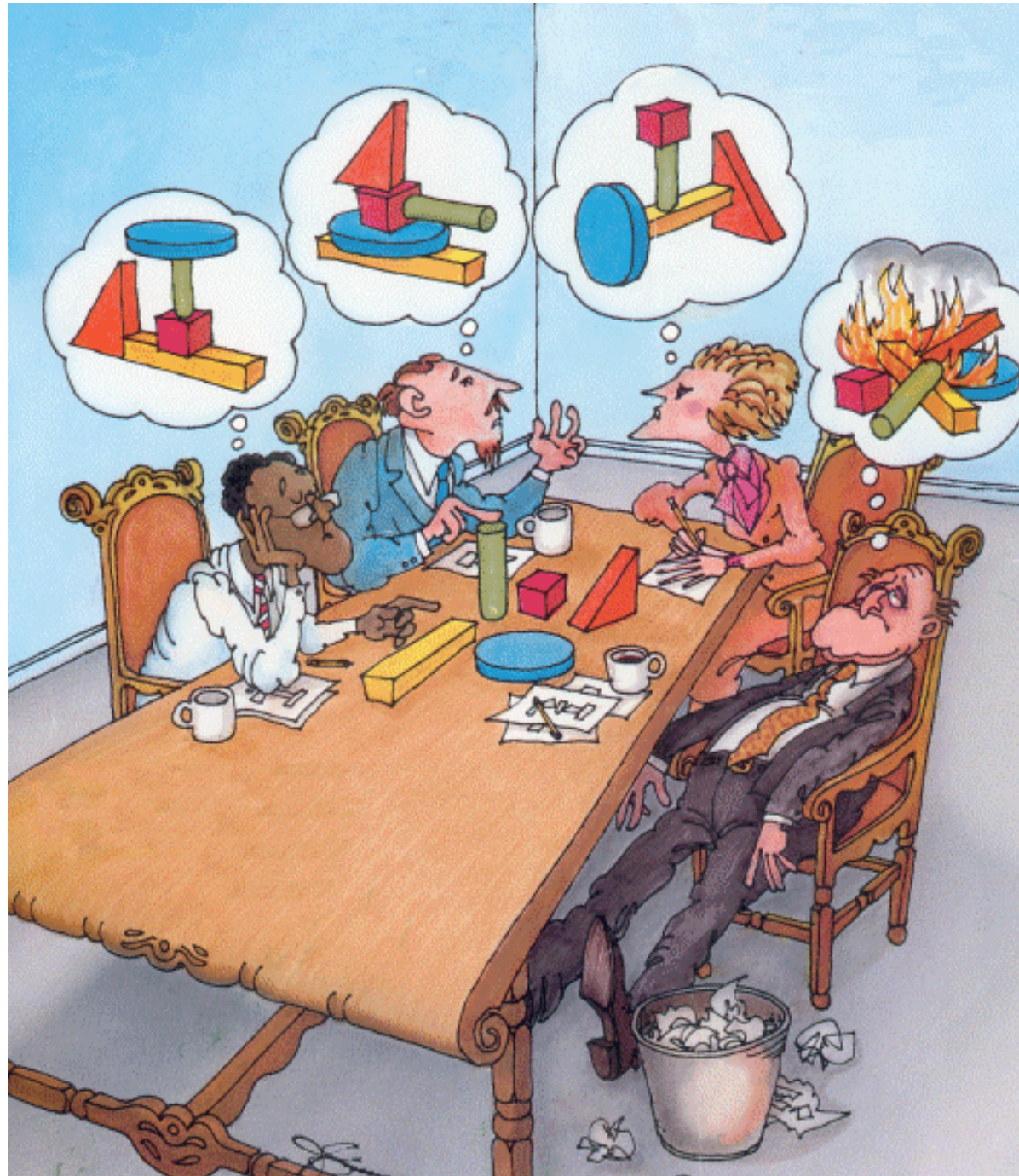
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**Why did we look
in depth at the cost benefit relations?**



Unknown cartoonist
– found on a Swiss
homepage not longer
available



Work-Life Balance does NOT mean that ...

- ...employees with children are permanently privileged
- ...only child care is a relevant subject
- ...the company has to offer support for every problematic private situation
- ...numbers, figures and financial facts become irrelevant
- ...only companies covering the complete program of work-life instruments are great places to work

**Work-Life Balance has many faces ;-)
– for companies and employees**



Work-Life Balance means that ...

- ... the company is regarding its investment in human resources 'in the long run'
- ... needed output changes (in terms of goods and services) are as well part of personnel concepts as availability of employees determined by private duties
- ... a win-win-situation is aimed and becomes part of a described (and vivid) company culture
- ... trust and ('decision') freedom is part of dealing with each other



Findings of the Gallup-Study Okt. 2003 - Germany

- Only 12 % of german employees are really committed (14% women and 10% men)
 - 70% work to rule
 - 18 % don't have a special commitment to their company
- ⇒ this is causing an over-all economic disprofit of
247,000,000,000 to 260,000,000,000 €
(wich is about 6,500 € per employee !)
- Reasons are
 - superiors' vague expectations
 - bosses are not at all interested in employees' private lives
 - lack of training and personnel development
(the longer the employee is associated the worst)



Findings of the Gallup-Study Okt. 2003 - Germany

- Employees with a low emotional commitment have 5 days more of absenteeism than those with high emotional commitment
=> about 9,400,000,000 € wage costs for no goods and services
 - Only 18 % of employees without emotional commitment...
 - ...but 74% of employees with emotional commitment recommend their company's goods and services to friends
- This *is* important for business volume !



US – Study: CCH Unscheduled Absence Survey 2003

,Unexpected' days of absenteeism are caused by

(not counting e.g. leave days payed or public holidays)

family duties:	24%	} 45%
personal needs:	21%	
illness:	33%	
stress:	12%	

Calculating the average wage costs
for a working day of 789 \$ this absenteeism
is causing every year

- 60,000 \$ for smaller employers
- up to 3,600,000 \$ for big employers

wage costs without goods and services



What did we (want to) look at?



Business Case

(1)

What should be measured to approach the efficiency of clearly defined work-life programs

Changes concerning ***expenditures***

- *absence from work caused by private duties in dimension of days and interrupted working days*
- *illness caused by stress*
- *training and recruitment*

Changes concerning ***productivity***

- *business volume*
- *'sold' working hours*
- *quality of work*
- *working performance*
- *output*

Changes concerning ***perception*** and ***satisfaction*** (not direct financial but important)

- *demand for and*
- *satisfaction with company's work-life program*
- *working atmosphere*
- *corporate culture*

Source: Metrics Manual – Boston College 1999



Expenditures for a company:

- **recruiting costs** between 9,500 and 43,200 € per vacancy / person – depending on qualification level
- Arrangement of an **individual part time agreement** approximately 1,200 € (or 2 coordinator's working days á 600,- €)
- **one full time consultant** responsible for 40 employees in parental leave or 100 employees with caring tasks or every 1,100 employees - approximately 60,000 €
- **Tele-working-place** between 5,000 to 7,000 € per year
- **Child care support** between about 1,000 € once (R&R) and 15,600 € per year (institutional care for toddlers)



EU-cofunded project

work & life 2003

- 10 German and Austrian small, medium sized companies as well as big companies of different branches were involved in the project
- It was aimed to find some reliable relations between the companies' expenditures for work-life programs and avoided / not wasted wage costs
- The 'wish list' for companies' data was more detailed and extended than what was available in the context of the work-life instruments
- Astonishing few survey results about work satisfaction were available



**How did we calculate
the specific relation for some instruments?**



Some dimensions

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Allgemeine betriebliche Daten					
Angaben bezogen auf das letzte abgeschlossene Geschäftsjahr (oder neuste verfügbare Daten)	Beschäftigte	%	Eltern	Kinder unter 15 J	MitarbeiterInnen mit
					Angehörigen mit Betreuungsbedarf
Gesamtzahl Mitarbeiter	374,00	100,00	194,32	104,93	17,02
Frauen gesamt	247,00	66,04	129,92	70,16	
Altergruppen					
jünger					
-30	72,00	19,25	40,32	21,77	0,36
-40	95,00	25,40	53,20	28,73	2,09
-50	65,00	17,38	36,40	19,66	4,88
älter	15,00	4,01			6,59
					9,74
Männer gesamt	127,00	33,96	64,40	34,78	
Altergruppen					
jünger					
-30	15,00	4,01	8,40	4,54	0,08
-40	46,00	12,30	25,76	13,91	1,01
-50	54,00	14,44	30,24	16,33	4,05
älter	12,00	3,21			5,27
					7,28



How to tap the number of CHILDREN employees have to care for?

- Number of employees in age cohorts up to the age of 50 years
- Multiplied by the percentage of adults cohabiting with children
=> employees taking care for children in Your company
- Multiplied by the percentage of population up to 15 years living in child-parent-households
=> children up to 15 years, for whom employees in Your company are responsible

Instrument available only in German based on the German Mikrozensus 2003

It is possible to adjust this instrument to other national conditions



Statistics about intensive Care 2001 - Germany

2.04 Mio. People in Need of Care

**Care at Private Home:
1.44 Mio. (70%) are cared by...**

**Family Members only:
1.0 Mio.**

**Nursing Services:
0.435 Mio.**

**Care at Foster Homes:
0.604 Mio. (30%)**



How to tap the number of ELDERLY employees have to care for?

- Number of employees in ALL age cohorts
- Multiplied by the likelihood to become in need of care if one is 30 Years older than a person in one cohort
=> employees with ALL relatives in need of care
(cared at home, with assistance of ambulate nursing services and in foster homes)
- Multiplied by 0.5 –
as 50% of these are cared at home only by younger relatives
=> employees with special care duties for relatives
(following Mikrozensus 2003 and up to date care statistics)



Some dimensions

work & life 2003

durchschnittlich			
Minderleistung nach Kündigung vor Ausscheiden	2.126,32		
Monate von Kündigung bis Ausscheiden	1,00		
Abfindung durchschnittlich pro Mitarbeiter	6.378,96		
Kosten der Abwicklung bei Personalabteilung	1.170,21		
Anwerbungskosten (Anzeigen, Personalberatung, Vorbereitung der Ausschreibung durch Personalabteilung)	2.340,43		
Auswahlkosten (Sichtung, Gespräche, Assessments, Reisekosten)	-		
zusätzliche interne und externe Qualifizierung	3.394,16		
geschätzte Zeit der Einarbeitung ins Unternehmen und in den speziellen Aufgabenbereich bis zum Erreichen vergleichbarer Leistung wie VorgängerIn	31.894,79		
monatliches Entgelt	4.252,64	47.304,87	92,70



How to tap Recruiting costs ?

(1)

Detailed declaration and estimation of company representatives

1. Decreased output after dismissal (for about 3 months)
=> approx. 1mon. 75% + 1mon. 50% + 1mon. 25% decreased output
=> 150% wage costs without goods and products
2. Compensation up to 1,5 X wage costs / mon.
3. Costs for Data administration
4. Expenditures for Hiring per person
= Hiring costs in total ÷ number of hired people
5. Additional internal and external Qualification
= 3 times the average qualification costs per employee per year
6. Vocational adjustment causing less output than antecessor
= 3 mon. only orientation, 3 mon. 25% output, 3 mon. 50% output, 3 Mon. 75% output -> fully efficient after 1 year



Tapping Recruiting Costs

(2)

1. Decreased output	➤	6.378,96
2. Compensation	➤	6.378,96
3. Data administration	➤	1.170,21
4. Expenditures for Hiring	➤	2.340,24
5. Internal and external Qualification	➤	3.394,16
6. Vocational Adjustment causing less output than antecessor	➤	31.894,79
<i>SUM</i>	➤	51.557,50 €

-> 101,03 % of average wage costs per person per year in one company

Case Analysis



Instrument:	Emergency Child Care
Company:	<i>Commerzbank AG</i> – Frankfurt a.M.
Service:	Employees can bring their Child if the regular System is failing (e.g. baby sitter, child minder are sick, extra school holiday) In the Year 2000 employees' children have been looked after for 2.100 Days.
Costs:	about 120,000,- €
Benefit:	1/3 of parents wouldn't have been able to come to work at those days -> 700 days of absenteesim multiplied with the average amount of wage costs 400 € -> 280,000 € of avoided absenteeism (not calculated positive effects on motivation, efficiency and corporate culture)
Avoided Expenditure:	280,000 minus 120,000 = 160.000 € per Year

Case Analysis



Instrument: Ford Pänz – Emergency Child Care Facility
Company: Ford Motor Company, Cologne

Cost-Benefit-Relation: In 2002 - about 3,500 Days of Care

Results of Evaluation (end of 2002)

- max. 42% of these children are there with a sibling
 - in about 30% of cases one parent (employee of Ford) wouldn't have been able to come to work
- minimum 666 working days have been ,saved'

Avoided Expenditure at Ford has been minimum **89,141 € only 2002**

(not calculated positive effects on motivation, efficiency and corporate culture)

How to tap R&R-Benefit(s) ?



- Costs for R&R-Service for a child or dependant care are about about 1,000 € per placing (over working day costs of about 660 €)

=> which is as much as 1.5 working days
- Return on investment is much higher because:
 - a. Searching a matching child care facility takes much longer and causes more absenteeism
 - b. In the long run working day disturbance is avoided when a reliable child care is found



Case Analysis

Telework at Victoria Insurance Group

30 *exclusively* und 70 *alternating* teleworking employees

Costs for working places in this setting	1,270,800 €	
Working places exclusively in the Office would cause costs of	1,080,000 €	
Difference		+ 190,800 €
Teleworking people have about 15 % more output and instead of output for ...	6,000,000 €	
...company is getting output for	6,900,000 €	
Difference		- 900,000 €
<i>Avoided Expenditure</i>		- 709,200 €



For more information...

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We would be pleased to support You and Your company in

... designing family-oriented instruments / programs

... calculating Cost-Benefit-Relations

... adjusting e.g. the Work-Family-Audit to national Conditions

Please don't hesitate to contact us!

