

Society Faces a Time Bomb

“Building Sustainable Societies” brought together renowned experts from around the world to discuss the promotion of family-responsible organizations and women in business as fundamental building blocks for sustainable societies. The conference took place at IESE’s Madrid campus on June 12, 2008 and formed part of the school’s 50th anniversary celebrations. We offer the opening address of Prof. Nuria Chinchilla, director of IESE’s International Center for Work and Family, here.

Executive Summary

In the same way that we were once unaware of the external impact of industry on the environment, many companies ignore the fact that they are destroying human ecology and polluting their own organizations and society with practices that harm and dehumanize when they do not allow their employees to fulfill their roles as husbands, fathers, wives and mothers. And just as mismanagement of natural resources will have a catastrophic impact on our society, a failure by companies to respond to their employees’ needs will have a disastrous longterm impact on the societies we live in.

It gives me great satisfaction that this conference forms part of IESE’s 50th anniversary, as the issue of trends and best practices in the work-family balance has been integral to this institution’s mission since it was founded. It is also one of the great challenges of our time: the humanization of business through work-family balance.

The company is a key institution for the advancement of society, and business leaders enjoy a privileged position as the driving forces behind the changes which society needs to make in order to achieve financial, human and social sustainability.

Our mission as a business school is to help business leaders expand their rational potential to discover that business is much more than just a financial concern and help them build companies to the measure of the men and women who work there, making them more efficient, humane and sustainable.

Our research indicates that business, family and society are the three sides of a triangle in continual evolution. They are three interdependent areas with the person at the center, who acquires more or less maturity with each decision he or she makes and every experience he or she encounters in those three different fields.

Stable families and family-responsible companies are essential if society is to be humanized. They are also the crucial components in the building of sustainable wealth, as well as financial, human and social capital.

The family as a stakeholder

In 1999, we coined the term “family-responsible enterprise” to improve on “family-friendly company” and to emphasize that it is not merely a matter of being friendly toward the employee’s family, but reacting to his or her changing needs at different stages of life. Our goal was to prevent the employee’s family – a new company stakeholder – from being engulfed in the concept of corporate social responsibility, which, at that time, related mostly to matters of external social responsibility such as the fight against child labor in the Third World and environmental pollution, while ignoring internal social responsibility; in other words, employees and their families.

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Barren lands

Our Western society is experiencing a harsh winter, demographically speaking. For decades now, the birth rate has been far below 2.1 children per woman of childbearing age, which



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is the minimum replacement rate. The lack of children will result in fewer producers and consumers and, in a worst-case scenario, the crumbling of society.

This demographic winter is linked to women joining the workforce in large numbers, only to find themselves confronted with rigid companies built by and for men in the 20th century. Back then, women focused on the home full time while men spent all their working hours outside of it. Our current business environment does not help us be good fathers, mothers or spouses. That is the first key element.

The second key element can be seen positively, since this "female revolution" (in the positive sense of the phrase) benefits men as well, as it enhances their return to the home. It is good for a woman to contribute her knowledge and values to society without having to renounce being a wife and mother, which calls for differing levels of time allocation at various times. We are now at an impasse.

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Toward a single-cell society

One of the main causes of this new environment is the prevailing individualistic culture, which results directly in a fragmented society whose members fear commitment, which leads straight to loneliness.

Certain counter-values have been created, which have voided "culture" (self-cultivation, according to its etymological definition) of its meaning. In addition, when family members lack the time to live together and develop their skills within the family unit, the result is a shortage of well-rounded people for business, i.e., people able to commit to medium and long-term projects.

Gary S. Becker, winner of the Nobel Memorial Prize in Economics in 1992, said that the family is the best ministry of social affairs. It is the safety net that catches people when they are unemployed or face any kind of problem. I would take the liberty of adding that it is also the best ministry of equality, because all members are respected for who they are and all needs are met to

develop their full potential. The family is where people's identities are forged, and where trust — that vital element of markets and institutions — is created.

The family is the best environment for free, caring and generous exchange. It is there that a person is loved and accepted for who he or she is, for simply existing. Family relationships are essentially characterized by affection, and the tendency is to forgive, protect and care for family members even in situations in which their jobs, friends and health might fail them. No other social organization even comes close.

Learning to give and take

Why, then, is the family important to business? Because it is the first school where people learn and develop skills that are also necessary in a professional context. I am referring above all to the ability to commit and create healthy and lasting bonds. But there are other skills, such as teamwork, empathy, delegation, communication, planning, organization and "customer" focus. Time spent by employees with their family therefore becomes essential.

This is why we must collectively rethink the way we organize our society and business, because the way we live now is simply unsustainable. With no time for family living, birth rates fall, father and mother figures disappear and good habits are not developed. It is common today for families to have only one child and for children to have all the latest technologies in their own rooms, which they use, unrestricted, in an empty home.

That's where the new consumer culture paradigm creeps in, which states that "whatever I feel like having or doing" is equal to "what I need" and "what's good for me." Focusing excessively on children's physical needs and knowledge, and giving them everything they want before they need it has disastrous consequences. They become pampered tyrants who have not learned to share. On entering society and business, they are selfish and demanding rather than giving. Their résumés are technically impeccable, but as human beings they leave much to be desired.

Our society continues to entertain an individualistic outlook that leads to a partial analysis of problems. The symptoms are dealt with, but the root cause of the illness is kept out of sight. Not taking the family into account weakens society and jeopardizes its future.

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Ringfencing family time

Family and work are two mutually enriching spheres of human and professional development. But we must remember that it is work which is instrumental to the family, not the other way around. Both men and women must work together to organize their home as their first enterprise, not only in their heads and hearts, but also in their daily agendas.

Since work is more demanding in terms of objectives, incentives and short-term penalties, and the family is more flexible and understanding, it is ultimately the family that loses out and collapses. Work is like a gas that infiltrates every crack in our lives. It ends up taking over unless we build barriers. We must set aside time and energy to live life and build our homes.

Another factor that contributes to the current environment of confusion is the **very concept of work**. Work in and of itself is a source of personal fulfillment and social interaction for everyone. However, the salary element is elevated to being the only indicator of success: "you're only worth what you get paid."

More than just a number

We must get over this money-tinged perspective that only values what can be quantified and remunerated. This outlook has had a huge impact on the gradual devaluation of household and caretaking tasks, which are for the most part priceless in monetary terms. This invisible yet real labor pool of domestic and caretaking work has a market value which, in terms of public accounts, would boost Spain's GDP by over 40 percent.

Men and women are different, and motherhood is indeed the factor that highlights that difference. The latest neuroscience research also indicates that the genetic differences between men and women are not only psychological but also biological. We should therefore take the differences and complementarities between men and women as our starting point to achieve synergies in their joint efforts. Studies of the performance of executive teams indicate that companies with more than three women on their board report ROI that is on average 30 percent higher than the ROI of companies that see reality from an exclusively male perspective.

The male role has historically been tied to the function of the family breadwinner, which has sometimes limited a man's development as a husband and father in the home. Various studies suggest that women are not driven so much by a quest for self-fulfillment as a desire to stay afloat.

This entails a shift for men, who generally play to win and work more aggressively. In days past, a man's job was war craft, and he worked with his horse and sword. Male business leaders are modern plane-riding, Palm-toting warriors, but the game is still the same. The first battle to be waged in the defense of society is the battle for its backbone, the family, and man must play his role within it.

Paternity leave is very positive, because it encourages men to experience and enjoy the realm of the home, and to decide with their wives what their respective tasks will be and how to go about them. This is a great opportunity for fathers themselves (more than for the babies) to get involved and be more engaged in family life.

Making parenthood a priority

On the other hand, it would be convenient, for women and for companies, that maternity leave be extended. It is hard for companies to find a replacement for a maximum of four months [in Spain], which means that co-workers end up picking up the slack. In the event of a second pregnancy, rather than congratulating her, those same co-workers will make her feel selfish for dumping more work on them once again.

If Spanish women were to be granted 12 months of maternity leave, as in other European countries, the company would have to find a replacement. That first year is vital in the life of a child. It is when babies need their mothers most, and their fathers, though neurologists state that the mother's presence is most beneficial. Anyway, each family has its own needs and its own ways of coping.

There have been cases in history where women have been discriminated against for being women. Job titles were changed depending on the sex of the employee, for example. The same post was for a "cleaning lady" if done by a woman and a "maintenance technician" if done by a man. Both jobs involved the same tasks, but men would get paid more than women.

The current high regard for social responsibility gives family-responsible companies a positive image. A company wishing to hire and retain the best talent must offer flexibility, because the new generation is not like our parents' or our own.

These injustices needed to be abolished, but the real discrimination in companies, as all the research conducted at IESE proves time and time again, is related to motherhood, i.e., having children or being able to have them. To make this task easier, we must rethink legislation from the point of view of families and their preferences. According to research conducted in the United Kingdom by Dr. Catherine Hakim of the **London School of Economics** on women's preferences in the work-family dilemma, one-third of women prefer not to work outside the home, one-third prefer to work part time and the final third prefer to work full time.

The family should be represented across all sections of society by government. There should be a Ministry for the Family so that all issues – transportation, housing, markets – can be discussed in terms of its advantages or disadvantages for the family.

It is appropriate for legislation to support women who wish to be mothers for their own good, as well as for the good of the father, the child, the company itself and society at large. Government and business policies should therefore adapt to motherhood and fatherhood. Otherwise, they risk being unjust to the rest of society.

Clocking in and checking out

It is a matter of overcoming the hurdles that mothers encounter so that they can contribute to the next generation. In this context, what also becomes clear is the urgent need for a **new business culture** governed by objectives and projects rather than hours “on the clock.” This new culture hits the nail on the head in terms of Spain's greatest work problem: the never-ending work shifts that do nothing to drive productivity, but rather create new problems such as workaholism and the burnout syndrome.

The result is physical and emotional absenteeism and a lack of commitment. This brings us to speak of a new type of pollution, social pollution, which is more serious than the environmental sort for two reasons: firstly, because we are unable to recognize it as such; and secondly, because it affects the human being, which is the key element for balance and progress in the ecosystem.

We should all – companies, politicians and the media – work to achieve more reasonable schedules, despite the fears that come with a change of paradigm. Companies will then start to become more balanced and family-responsible. There are several reasons that might make them change.

Demanding future business leaders

On the one hand, the foremost problem of Spanish companies is talent. The current high regard for social responsibility gives family-responsible companies a positive image in the market. A company wishing to hire and retain the best talent must offer flexibility, because the new generation is not like our parents' or our own.

Generation Y does not want to be addicted to or enslaved by work; it demands a better way of working. As this demand for flexibility and work by objectives becomes the standard, companies will be forced to change.

On the other hand, this is an ethical issue. It is a matter of including employees as part of the internal mission of the company, a matter of training and treating them as real people who have a life after work, as well as families in which they play various roles such as spouses, parents and siblings.

It is also a strategic issue because it motivates employees to give their all. When workers feel they are treated as people and not as a resource (albeit a “human” resource) they give their all, are more willing to adhere to the company's mission and become more creative.

In fact, according to our latest research, when flexible, family-responsible measures are implemented, absenteeism, the second-greatest problem in Spanish business, plummets by 30 percent. And I am referring to physical absenteeism, but emotional absenteeism, which is harder to quantify (workers are physically present but mentally absent), is also a huge invisible drain on companies.

The best strategy for changing our culture is no doubt to give incentives to companies that promote work-family balance rather than penalize those that do not, because the facts show that a loophole can be found in any law and a backlash effect is forming.

Real change has to be internal, born out of a conviction that conciliation makes sense. If it is imposed externally, the resulting legislation generates rejection and becomes unwieldy, because it confines people and companies, paradoxically codifying flexibility into hard-and-fast rules. Many companies would find it impossible to apply these one-size-fits-all regulations on a daily basis across the board. ■