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BEING A FAMILY-RESPONSIBLE ENTERPRISE,
LUXURY OR NECESSITY?

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Abstract

Conciliation between family and professional life is becoming more and more common, and necessary:

- What conciliation policies should companies put in place?
- Why do businesses seek to become family responsible companies?
- Which management skills are most sought after and valued by companies?

These questions and many more are answered in this study which is intended to be an inspirational guide for many managers who wish to become leaders in their family and corporate environment.

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BEING A FAMILY-RESPONSIBLE ENTERPRISE, LUXURY OR NECESSITY?

Introduction

In this study we shall be discussing the concept of the Family-Responsible Enterprise (FRE). The concept of the Family-Responsible Enterprise has been developed at IESE Business School over the last seven years.¹ It provides the scientific foundation for the Family-Responsible Enterprise certificate issued by the +Family Foundation, sponsored by the Ministry of Labor and Social Affairs of the Spanish government.

In chapter 1 we present a contextual framework that sets the scene and explains briefly why the need to reconcile work and family life is growing. To meet this need, companies have started to adopt work-family (or “work-life”) policies; some companies have achieved the status of Family-Responsible Enterprises (FREs).

In chapter 2 we offer some suggestions on how to become a Family-Responsible Enterprise.

In chapter 3 we examine the reasons why companies might want to become family-responsible enterprises. The discussion builds on three models of the firm: the mechanistic model, in which work-family practices are adopted as a marketing or corporate reputation strategy; the psychosocial model, where work-life practices are used to attract and retain talent; and the anthropological or humanistic model, which fosters a family-responsible culture as the logical corollary of treating employees as complete human beings. For each of these models there is a particular type of management function, as explained in the second part of this study.

In chapter 4 we see which management competencies Spanish companies value most. Management competencies are grouped on three levels: strategic (the competencies needed to succeed in business), intrategic (the competencies needed to build unity in the company), and personal effectiveness (the competencies that enable a person to relate effectively to his or her environment). Success in the management function calls for competencies at all three levels. We also discuss how the family is a school to learn and to teach all these competencies.

Lastly, in chapter 5 we review the status of work-family reconciliation in Spain.

¹ At IESE we have a Family-Responsible Enterprise Index (IFREI) that goes back several years and have gathered data from different parts of the world and on developments in Spain in recent years (see <http://www.iesedti.com/ifrei2006/ifrei.htm>).

NOTE: Translation of part of the book “Ser una empresa familiarmente responsable. ¿Lujo o necesidad”, Pearson Prentice Hall, 2006.

Chapter 1. Towards a Family-Responsible Enterprise Model

1.1. Sociological Context

Reconciling work and family life is an important issue in our society. And we all know it is getting larger. Relationships are changing in society at large, at work, and in the family. Employers, employees and governments are called upon to create fairer, more human working environments which, at the same time, are more productive and competitive.²

Recent decades have witnessed what is unquestionably one of the most far-reaching social trends of the second half of the 20th century: the large-scale entry of women into the labor market. At the same time, other various tendencies have affected the family life style. First, more women are entering higher education and reaching senior management positions. These women tend to marry men of similar status, forming dual-earner households, that is, households in which both partners work outside the home. Secondly, single-parent households are no longer a small minority. Thirdly, the birth rate in Spain has plummeted. Many women have had to choose between their career and starting a family. At first, this was seen as a mere side-effect of modern society. More recently, it has been recognized as a sociological phenomenon worthy of serious consideration.

A consequence of these demographic changes is that companies in certain industries cannot find qualified staff. Forecasts suggest that by 2010 the shortage of talent in the Spanish labor market will be felt across all industries. As more and more employees demand the means to reconcile work, family and personal life, offering work-family policies will become a strategic competitive advantage for attracting and retaining top employees.

Many people experience a real conflict between work and family. The traditional work-family conflict view, assumes that people have limited resources (i.e. time, energy, and attention) to allocate between the job and family domain. (Heller & Watson, 2005).³ The work-family conflict does not affect only professional women, who still bear the main burden of family tasks, but also men, who are beginning to take on their share of the responsibility.

Greenhaus & Beutell⁴ (1985) suggest three different sources of conflict between work and family life: time-based, strain-based, and behavior-based conflict. The first is when a person devotes so much time to either work or family that he or she has no time for the other; the second, is when a person's performance in one of the two roles is detrimental to his or her performance in the other; and the last one is when behavior required in one of the two roles is incompatible with the other.

² Chinchilla, N. and C. León, "Female Ambition. How to Reconcile Work and Family," Palgrave, UK, 2005.

³ Heller, D. and D. Watson, "The dynamic spillover of satisfaction between work and marriage: The role of time and mood," *Journal of Applied Psychology*, 6, 2005, pages 1273-1279.

⁴ Greenhaus, J.H. and N.J. Beutell, "Sources of conflict between work and family roles," *Academy of Management Review*, No 10, 1985.

Various international studies have highlighted the problems caused by an imbalance between work and family⁵ (Felmlee, 1995; Greenhaus et al., 1997; Klerman & Leibowitz, 1999; Konek & Kitch, 1994, and Oppenheim-Mason & Duberstein, 1992). These include increased risk of ill-health among working parents, ineffective parenting, psychological tension, anxiety, irritability, depression, stress, and a variety of psychosomatic problems (Frone, Russell & Cooper, 1997).⁶ Work-family conflict affects individuals, but it also affects companies. It can lead to increased employee dissatisfaction, underperformance, indifference, absenteeism and turnover (Greenhaus & Beutell, 1985).⁷

However, judging from the way companies still organize their workforce, they have not taken all these into consideration. Work is still organized to suit male employees and single earner households. Working hours remain incompatible with other personal or family needs, such as caring for dependants (children, adults or the very old).

According to a survey by the Families and Work Institute, many people would willingly give up certain rewards and benefits in return for the flexibility to reconcile work with family and personal life. Employees' families are starting to be seen as important stakeholders.

Companies are not the only ones responsible for people's family lives; their role is complementary to that of other social agents, including central and local government. But they can certainly help to improve it. A person's life is influenced by and influences three areas: family, company and society. These are the three vertices of a constantly evolving triangle that circumscribes our family life.

⁵ Felmlee, D.H., "Causes and consequences of women's employment discontinuity, 1967-1973," *Work and Occupations*, No 22, 1995.

Greenhaus, J.H., K.M. Collins, R. Singh, and S. Parasuraman, "Work and family influences on departure from public accounting," *Journal of Vocational Behaviour*, No 50, 1997.

Klemian, J.A. and A. Leibowitz, "Job continuity among new mothers," *Demography*, No 36, 1996.

Konek, C.W. and S.L. Kitch (eds.), "Women and careers: issues and challenges," Sage, 1994.

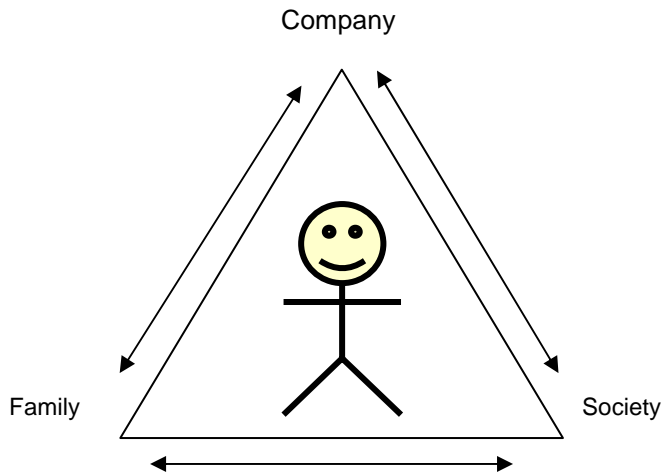
Oppenheim-Mason, K. and L. Duberstein, "Consequences of child care for parents' wellbeing," in Both, A. (ed.) "Childcare in the 1990s: trends and consequences," Erlbaum, 1992.

⁶ Frone, M.R., M. Russell and M.L. Cooper, "Relation of work-family conflict to health outcomes: a four-year longitudinal study of employed parents," *Journal of Occupational and Organizational Psychology*, No 70, 1997.

⁷ Greenhaus, J.H. and N.J. Beutell, "Sources of conflict between work and family roles," *Academy of Management Review*, No 10, 1985.

Figure 1

Areas of Reciprocal Influence



We all know that the family is the basic building block of society. The time people spend with their family, therefore, is essential for organizations. Why? Very simple, because the family is the primary school where people learn and develop competencies. It is where human and social capital is developed: the ability to commit oneself and to build lasting and healthy ties. The family has a crucial and irreplaceable social function. Within the family, helpless babies are transformed from a bundle of impulses, desires and emotions into socialized adults. The family teaches them trust, cooperation and self-control. These are attributes that both companies and society need, and that only families can develop (Roback, 2001).⁸

Family and work are twin areas of human and professional development. But it is important to remember that work is an instrument at of the family and the person service, not the other way around. In this triangle of family, company and society, the person is in the middle. We mature (or fail to mature) according to the decisions that and his we one experiences in each area. To humanize society and build that all-important stock of economic, human and social capital, we need families, and family-responsible enterprises. Only then we will have strong societies.

As things stand, working hours in Spain are organized, in many cases, as if people who work in companies had nothing else to do in their lives. Many organizations disregard their employees' private lives, and many parents have to make extraordinary efforts to get everything done, at work and at home.

Maternity has long been seen as a cost for business and a problem for co-workers, despite the fact that companies have a full nine months in which to plan for the four months of maternity leave. By contrast, the absences caused by stress, when it manifests itself in physical illness, are much longer and usually unplanned for. In fact, there are more absences for stress than there are for maternity. Stress is an illness, whereas maternity is enriching, because a person who becomes a parent develops new competencies and skills, which later benefit and add value to the company.

⁸ Roback Morse, J., "Love and Economics: Why the Laissez-Faire Family Doesn't Work," Spence Publishing Company, Dallas, USA, 2001, page 5.

Looking back, there was a time, fifty years ago, when people started to talk about caring for the environment. But there were no policies in place to protect it. There was no awareness in companies that they were destroying or damaging the planet. It took us time to understand and learn about the dire consequences of not protecting the environment. Now, we know that we must preserve the planet's natural resources for our own use and for of future generations. Companies that pollute the atmosphere or rivers must pay fines, so the rivers can be restocked from hatcheries.

Similarly, many companies today do not realize that they are destroying the human environment. In effect, to continue the analogy, they are “polluting” their own organization and society at large with practices that harm and dehumanize them, because they prevent employees from fulfilling their duties as spouses or parents. These practices have the effect of impoverishing families, which are the only “hatcheries” we have for generating human and social capital.

Since 1999, to assess to what extent companies are polluting the human environment and how far they have gone in adopting work-family policies, the International Center of Work and Family at IESE Business School has been following a line of research centered on the reconciliation of work, family and personal life. The results of this research include the IESE Family Responsible Employer Index (IFREI), and a self-diagnosis tool (<http://www.iesedti.com/ifrei2006/ifrei.htm>) which any company (SME or large corporation) can use to find out how well it is doing in this area and how to improve.

1.2. Components of a Family-Responsible Enterprise

Table 1

1. Policies		2. Facilitating factors		Results
Flexibility at work	Professional support	Leadership	Communication	
Family services	Non-salary benefits	Responsibility	Strategy	
Inhibitors	Culture		Drivers	

The Table shows the components of the FRE model. Results, which show whether an organization really has a flexible and family-friendly culture, are not achieved merely by implementing formal policies. Policies need to be combined with certain facilitating factors, which are essential for changing an organization's culture.

Cultural change may be obstructed or facilitated by “inhibitors” and “drivers” in the culture. These inhibitors and drivers must be identified, so that they can be improved or controlled. Each of these elements provides vital information for assessing and diagnosing the position a company is in at any given time.

In what follows we shall present some basic concepts and elaborate on the components of the FRE model.

Policies

The goal is to determine to what extent certain company policies are in place and have been formally established. These policies may be broadly classified in four categories:

a) Flexibility of working hours and working place

Flexibility of working hours allows employees, systematically or occasionally, to work at the times that suit them best and to leave work for short (half an hour) or extended (up to one year) periods to attend family needs.

- Flexible working hours. Within limits, employees may choose what time they start and finish work each day.
- Part-time working. Employees work only part of the normal working day.
- Compressed work week. Employees work more hours per day in exchange for a shorter work week (one or half a day shorter).
- Reduced working hours. Employees work fewer hours per day or week in exchange for a proportional cut in pay.

Working place flexibility gives employees the option of working from home, aided by modern technology, to avoid long commutes.

- Distance working. Employees work remotely on an occasional basis to avoid long commutes or traffic jams on the way to and from work.
- Teleworking. The company provides the employee with the infrastructure needed to work from home.
- Videoconference.

In many industries and jobs, working hours and physical presence are no longer relevant criteria for performance assessment and pay: objectives and results are what really count. Therefore, strict timetables and time and attendance collection have given way to flexible working hours, self-monitoring, and assessment based on objectives.

b) Professional support and advice

This consists of advising and training employees to find the right balance between work and family; adapting jobs to employees' family needs; or providing specific training.

Advice:

- On career, personal and family issues.
- Psychological/family counseling.
- Legal.
- Financial/Tax.
- Help for expatriates/immigrants.

Training and development:

- Prenatal and nutrition courses.
- Parenting/marriage.
- Work-family conflict.
- Time management.
- Stress management.

c) Family services

These are services aimed at reducing employees' workload outside work. The reasoning behind them is not just that "the less employees have to do outside the company, the less worried they will be and the harder they will work" but rather, the services are complementary to the company's pay policy.

Caring for family members:

- Information about local nurseries and schools.
- Information about eldercare and centers for disabled.
- Nurseries specifically for children of employees (on company premises or outside).
- Daycare or babysitter service provided by or paid for the company to cover business travel or overtime (help to pay for nursery care).

Other services:

- Dry-cleaning/laundry. The company arranges a dry cleaning or laundry service, where employees' clothing is collected and delivered directly to the workplace.
- Purchases. The company offers employees a purchasing service.
- Transportation. The company offers its employees transportation to and from the workplace.
- Parking. The company provides car parks for employees' vehicles, either at the workplace or nearby.
- Restaurant. The company offers a dining room service for employees at the workplace or nearby.
- Sport/fitness center. The company provides a sports or fitness center for employees.
- Bank branch. The company has a bank branch and/or ATM on its premises.
- Travel agency. The company has a branch of a travel agency on its premises, with special prices or discounts for employees.

d) Non-salary benefits

Non-salary benefits, also known as fringe benefits, can help to put employees' minds at rest as regards family health care and insurance, dismissal, etc.

Non-salary benefits:

- Life insurance for employees.
- Health insurance for family members.
- Accident insurance to cover accidents outside work.
- Outplacement.
- Retirement plan.
- Meal tickets.
- Discount purchases.

Facilitating factors

The goal is to determine how the company puts into practice the four pillars (leadership, communication, responsibility and strategy) for developing and implementing flexible, family-responsible policies. These are the basic requirements for an organization to put its values into action and foster a flexible, responsible culture.

a) Leadership

Flexible, responsible organizations have leaders who give their staff clear guidelines on the changes that are needed in order to become a family-responsible enterprise. These leaders bring together and motivate other leaders to set an example to their subordinates on work-family issues. They openly acknowledge the importance of reconciling work, family and personal life as the foundation for business success, and they institutionalize this philosophy by building a supportive working atmosphere.

b) Communication

The policies, objectives and targets of the work-life program need to be communicated inside and outside the company. Communication is vital to ensure that people understand and accept their role in the organization. For the formal policies to succeed, the company must consistently and effectively promote a flexible and responsible culture through communication.

c) Responsibility

For a real change in the organization, individuals must accept responsibility for the effective implementation and use of formal policies. A flexible and responsible culture is founded on trust and the maturity and professionalism of each person involved. Top management must advise and train the middle managers that are who implement the flexibility and work-family policies on a day-to-day basis.

There also needs to be someone to coordinate the project: a work-life officer or a cross-functional committee.

d) Strategy

There has to be a specific organizational commitment to create a culture that encourages and fosters work-life balance. Having an action plan and a corporate mission, and values vision that explicitly respect employees' families is a clear sign of change.

Culture

The goal is to determine whether a company has adopted the most commonly accepted practices that favor progress towards a more flexible and responsible culture.

This refers to both formal practices and informal habits or customs, such as holding meetings outside working hours. We identify the “inhibitors” and “drivers” of family-responsible policies. An example of a driver would be explicitly considering for promotion a person who previously took reduced working hours or worked part-time.

Results

Results measure the impact of the other three factors (policies, facilitating factors and culture) on the organization and help identify areas for continuous improvement, so as to develop to a higher level.

It is impossible to establish a flexible, family-responsible culture overnight. Companies need to evolve gradually through stages or levels (Chinchilla and León, 2004).⁹

Studies carried out by IESE in more than 500 companies in Spain support the idea that there is no one solution or improvement plan, and that the best way to work towards a flexible and responsible culture is the way that suits each organization's initial circumstances. Which policies are best will depend on the company's size, geographical location and workforce composition, and also the industry it belongs to.

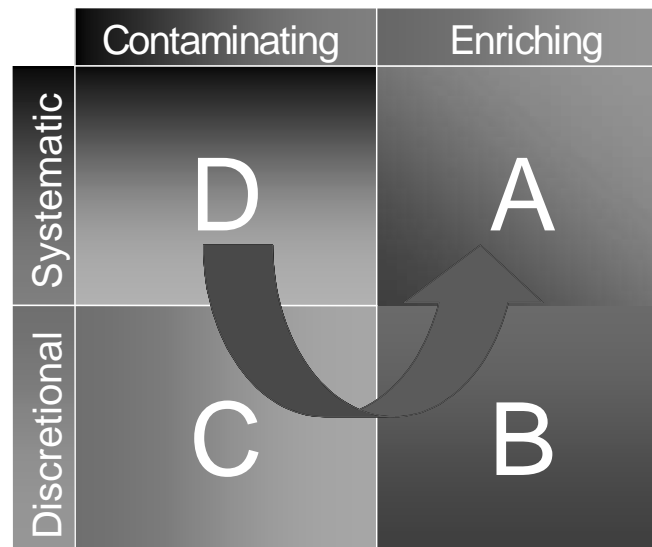
Introducing new policies should not be seen as an expense, but as an investment. Anyway, some policies simply involve redistributing working hours among the team. What is more, as an exercise, companies should try to estimate the cost of not adopting family-responsible policies: employee turnover, absenteeism, lack of motivation, creativity and commitment due to the absence of flexibility between work and family life.

⁹ Chinchilla, N. and C. León, “Female Ambition. How to Reconcile Work and Family,” Palgrave, UK, 2005.

1.3. Stages of Becoming a Family-Responsible Enterprise¹⁰

Companies can be classified in four groups, according to how much or how little they have evolved as flexible and family-responsible organizations.

Figure 2



- D: Systematically pollutes the business and social environment (has no family-responsible policies).
- C: Occasionally pollutes the business and social environment (has some family-responsible policies, but rarely puts them into practice).
- B: Occasionally enriches the business and social environment (has some family-responsible policies and practices).
- A: Systematically enriches the business and social environment (has a family-responsible culture).

The companies in quadrant D of the FRE model take no responsibility for protecting the human environment. They do not realize the damage they are causing to their employees and their employees' families, to themselves, and to the community by not implementing flexibility and work-family policies. These companies can be said to be systematic polluters of the business and social environment. The first step, therefore, is for these companies to become aware of the harm they are doing by ignoring the need for reconciliation between their employees' working and family lives.

Companies in quadrant C have abolished many of the policies that stand in the way of achieving a work-family balance. They have started to offer greater flexibility and accept part of their responsibility, but work-family policies are still rarely used. Companies at this stage of development may be described as occasional polluters.

¹⁰ Chinchilla, N. and C. León, "Guía de buenas prácticas de la empresa flexible. Hacia la conciliación de la vida laboral, familiar y personal," International Center of Work and Family-Community of Madrid.

Companies in quadrant B of the FRE model not only accept that their employees have other responsibilities in their lives apart from work, but also actively help employees strike a healthy balance between these responsibilities. Rather than being a hindrance, their policies and practices support employees in their efforts to balance their lives. These companies are starting to enrich the environment and so can be described as occasional enrichers.

In the fourth and last stage, represented by quadrant A of the FRE model, protection and support for employees and their families is an integral part of the corporate culture and is reflected in the everyday running of the company. Management and employees are aware of the importance of maintaining a flexible, supportive environment for the good of the company and society, now and in the future. When a company is thoroughly imbued with this philosophy and work-family reconciliation is a factor in all its decisions, then it can be described as a systematic enricher of the internal and external environment.

This transformation, like all cultural change, is an evolutionary process. It takes time and there is no way to jump from stage D to stage A. The transition from quadrant B to quadrant A is probably the most difficult, as the company needs a solid foundation of policies and practices on which to build that enriching, flexible and responsible culture.¹¹

¹¹ See Exhibits 1 and 2 for more detailed descriptions of the transitions in the FRE model and the characteristics of each stage of development.

Chapter 2. How to Become a Family-Responsible Enterprise

In this study we consider how a company can become a family-responsible enterprise. As in all organizational change, we need to work on three levels: the formal system, management styles, and values.

In the face of 21st century diversity – not just the diversity of men and women, but also the diversity of people's needs at different life stages – companies can no longer afford to be rigid.

2.1. Formal Policies

First, a self-diagnosis should be made to find out where the company is starting from and what stage of development it has reached. This will tell us what policies and to what employee groups we have to be able to sell the project to general management, but we may first need top management to commit a small budget, if only to be able to meet and discuss these issues. It is also a good idea to have a work-family committee or officer. This could of course be a part-time role. Some companies have made up a committee of three people from different departments, so as to gain a broader perspective. Each devotes a few hours to coordinating work-family issues. Sometimes, as we suggested, it may be better to start with step three (auto-diagnosis) and then, depending on what we find, try to get top management to back the change.

Obviously, we will need to gather information on employees' family needs. And if it is a large company, we will need to define indicators and use questionnaires, interviews and workshops. In a small company, data collection will be more straightforward. In any case, the main point is to build up a profile of the workforce: marital status, whether people have dependants (children, elderly relatives, etc.), and so on.

Based on employees' needs, the next step is to draw up a work-family program, which in some cases may simply mean finding out the legal requirements and which groups of employees are most in need.

Then, if it is a large company, we will need to prepare a policy manual, ensuring that the policies are flexible for both sides and are agreed between boss and subordinate.

The ideal would be to poll for alternatives at each step to see what the options are. It's good to get people thinking for themselves and leave the employees to decide how it should work in practice, so that they come up with alternatives. At this stage, employees tend to be very realistic and committed to implementing a flexibility plan, because it is their decision: they say how it should be done, and they are who will make it work.

One possibility is to have a two-month or two-week trial run, to see whether the company can still serve its customers properly and be productive, for example, after switching to flexible working hours. Some people prefer to finish early, but employees will need to agree among themselves, so that there is always someone on duty in the department.

Ten Steps to Become a Family-Responsible Enterprise

1. Top management commitment → Budget.
2. Work-family committee/coordinator.
3. Diagnose what stage the company is at (IFREI).
4. Gather information about employees' family needs:
 - Indicators
 - Questionnaires
 - Interviews (individual/group)
5. Prepare a company-wide work-family program: design policies and identify facilitating factors.
6. Prepare a policy implementation manual:
 - Flexible policies for both sides
 - Agreement between superior and subordinates
7. Top management leadership and example. This requires top and middle manager training.
8. Family values must be integrated in the corporate mission: explicitly included in the internal mission statement.
9. Deploy policies/actions to meet different groups' needs:
 - Program announced by top management
 - Communicated to all employees
 - Ongoing internal communication: brochures, videos, intranet
 - Work teams/quality circles
10. Assess actual use/appropriateness of the policies

2.2. Styles and Values in Action

Top management leadership and example is a necessary condition for cultural change. Top and middle managers need to be trained to become agents of change, or at least not be hindrances. They are actually who will make the company flexible on the daily basis. Sometimes, the policies exist but are not used because the CEO or top management team never leaves the office before 9 or 10 at night, hence staying late is generally considered a “good thing”, so people assume that if you don't stay late, you're not going to be promoted, because you'll be seen as not being committed to the job.

Many managers still have the idea that a person who spends long hours at work is necessarily more committed and more productive. That's how they got to where they are, and their own success

reinforces this belief. In Spain we have seen that longer hours does not mean stronger commitment. Often, women who have children show that in less time they get more. Managers need to make a major mental and practical adjustment: they need to stop managing by time and attendance and, instead, manage by objectives. Spain currently ranks third from bottom in productivity per working hour, just ahead of Portugal and Greece, despite working long hours. These excessive working hours are proving costly for companies. The costs of work-life imbalance include the loss of the best employees, absenteeism, low morale and motivation, lack of commitment, and blocked creativity. All this because of the long hours we work and the fact that we have our evening meal very late (between 9 and 10 at night), so nobody expects us home before then.

This also has to do with the fact that men do not feel “at home” when they are home. This is because the male identity has traditionally been closely linked to that of the breadwinner. Men have failed to carve out a place for themselves at home as spouses and parents. In some cases they have been denied a place; in others they haven’t wanted it. And so, they prefer to arrive home when everybody is already at the supper table. This is one reason why it would be good if men took more paternity leave, so that they spent more time at home, learned what it’s all about and started to enjoy it. Then, they could decide along with their wives, who is going to do what, how the tasks will be shared, and at what career stage each should commit more or less time to the home; responsibility for the house must be shared.

Having family values as a part of the corporate mission is important because it helps remind us that the family is a stakeholder in the firm. The corporate mission usually exists in written form; but this written mission statement most of the times refers to the external mission, the company’s service to external customers, neglecting the fact that the company also has an internal mission. For a company to fulfill its external mission, employees need to be motivated, and they will only be motivated if the company’s internal mission is to treat employees as complete human beings who have a life after work in which they have various roles to perform (spouse, parent, child, brother/sister, etc.).

Many companies still haven’t made the transition from time and attendance collection to management by objectives; and yet, management by objectives dates from the nineteen eighties. Nowadays, the focus has turned to management by missions.¹² Management by missions enriches management by objectives by ensuring that each person knows not only *what* she is expected to do, but also *how* and *for what purpose*, in light of the company’s mission. Integrating each department’s objectives with those of other departments gives a more cross-functional perspective.

When a company starts to deploy management by missions, the first issue that comes up in discussions of the internal mission is work-family balance: how people with family responsibilities can be helped by targeting policies and measures at particular employee groups. The work-family program will need to be announced by top management and communicated to all employees in large companies through brochures, videos, the corporate intranet, and also through work teams set up to support the change and the new way of working.

Finally, assessing the policies and how they are used in practice is a task for the work-family committee. The committee will need to meet regularly (every three to six months) to assess progress and setbacks (what policies are in place, what policies people are asking for, what is stopping people from asking for or using certain policies, etc.).

¹² Cardona, P. and C. Rey, “Dirección por misiones,” Ediciones Deusto, Spain, 2005.

Chapter 3. Models of the Firm

3.1. Models of the Firm

Why become a family-responsible enterprise?¹³ What reasons or motives might a company have for wanting to become a family-responsible enterprise? Using the models of the firms proposed by Pérez López (1993),¹⁴ we can answer this question in different ways. The model of the firm is the lens through which managers view the company. It affects their vision, which may be more or less short-sighted.

The three basic models or conceptions of people and organizations underlying management practices form a continuum, from pure, short-term financial gain to a holistic, human vision of the company. The differences are apparent in the answers to questions such as: What is the company's conception about people, and about their needs? What is the company's purpose?¹⁵

If a manager has a reductionist view, for instance, will see people in a reductionist light. But why is a company's conception of the person so important? Because companies are made of people, so the person is the basic building block of any company.

The specific purpose of a company is to generate wealth and distribute it with justice. But as Aristotle tells us, the generic purpose of any human organization (which includes the company) is to help its members develop their personal and professional capabilities and their ability to be friends. This makes sense of it all.

A true and complete portrait of the human being must acknowledge the unitary structure of the person, with its four components: material, spiritual, individual and social. To have an all-round view of the person, companies need to be alert to the different needs that a human being must satisfy: material, cognitive and affective.

Moreover, an organization may satisfy the following types of motives in its employees:

- *Extrinsic*. Any incentive that a person *other than the one who performs the action* attaches to performing the action. For example, money or praise for doing a job.
- *Intrinsic*. Any outcome of an action *for the person who performs it* that arises from the mere fact of performing the action. For example, the things a person learns, or the pleasure he or she gets from doing something.

¹³ Chinchilla, N. y E. Torres, "Why Become a Family-Responsible Employer?," OP 06/03, IESE Business School, Universidad de Navarra, 2006.

¹⁴ Pérez López, J.A. "Fundamentos de la dirección de empresas," Ed. Rialp, Spain, 1993.

¹⁵ Chinchilla, N. y J.A. Pérez López, "Business or Enterprise? Different Approaches to the Management of People in Organizations," FHN-216-E, IESE Business School, Universidad de Navarra, 1990.

- *Transcendent.* Any outcome an action has for people *other than the one who performs the action*. For example, the help a person receives from a colleague, or the service a customer receives.

These three types of motives explicitly correspond to the desire to satisfy material needs (having), cognitive needs (knowing) and affective needs (being).

Normally, every action involves each of these three types of motive. Take the case of salesmen. They want to sell because they want to earn some money. But they are also looking for something they like doing and that offers a challenge. If they are a good salesman, he or she will also think of the service to the customer, of the fact that they are helping the customer resolve a problem that he or she (the customer) has.

It is well known that the worst thing that could happen to a group of salesmen is that they lose confidence in the product they are selling and reach the conclusion that the customer would be better off buying a competitor's product. One then speaks of "problems of morale", "lack of motivation", etc. In fact, a large part of this frustration is nothing more than dissatisfaction at the level of transcendent motives. Knowing that what we do is *useful*, that it is appreciated, that it is needed, is a significant motivational factor.

Naturally, the relative importance of each of these three types of motive – extrinsic, intrinsic, transcendent – will be different for each individual. Thus, we can argue that people's motivational structures can be of higher or lower "quality". Any professional, and therefore any businessman or woman, does what he or she does to earn money, to do something that they enjoy doing and are qualified to do, and also to render a service and do something good for those who work with them.

There is a curious prejudice in our culture which says that a good doctor is one who thinks of his or her patients – even though he or she charges a fee – whereas a good businessman or businesswoman can be one who thinks only of the money he or she will earn from what he or she does. And there obviously are doctors, teachers and businessmen and businesswomen who seem to think only of the money they are going to earn and to be unaware of any other type of motive. They all suffer from the same sickness: materialism. From a scientific point of view we can predict that if they are not cured soon, they will become more and more dissatisfied on the level of non-material needs and this will have very serious consequences for them and, to a lesser degree, for those around them.

The motivational quality of a person is determined precisely by the capacity of that person to be moved by each of the three types of motive. A complete theory of human motivation – one that recognizes that the motives for carrying out any action can only be understood in terms of the three components we have talked about above – requires a profound change in our way of thinking about organizations. This is the anthropological or humanistic outlook that underlies the concept of the business enterprise as an institution, not just a simple machine or social organism.

An organization's approach to the relationship between work and family will depend on how an organization visualizes a person, what a person means and on the nature of the managerial functions.

Table 2

Conception of the Person as the Foundation for Organizational Action Based on the Recognition of Personal Needs

Needs	Conception of the person
Material (having)	<ul style="list-style-type: none"> • Has physical and biological needs. • Workers: Seen as a resource for the company. • Extrinsic motives take priority.
Cognitive (knowing)	<ul style="list-style-type: none"> • Each employee is treated and judged on the basis of his or her technical/intellectual abilities (the difference he or she makes in objective terms). • Wants to build a career. • Intrinsic motives take priority. • Intellectual ability and honesty matter.
Affective (being)	<ul style="list-style-type: none"> • Has affective needs that demand satisfaction. • Life extends to spheres outside work (society and family). • Transcendent motives take priority. • Has moral virtues (grows as a person by giving).

Source: Adapted from the description given by Ferreiro and Alcázar¹⁶, 2001, page 27.

A company that pays no heed to transcendent motives is unlikely to build work-family values into its organizational culture. Only companies that take into account all three types of motives will be able to see their employees as complete individuals, rather than just as “employees”.

An organization’s culture – its core values – is directly connected to the organization’s purpose and meaning. Therefore, the extent of work-family reconciliation in any given firm will depend on the firm’s values.

We shall study each of the three models proposed by Pérez López, as the different lenses through which managers see the world of work. Table 4 sets out the basic concepts we shall be using.

Table 3

Models of the Firm

Conception	Model of the organization	Model of the person	Motivation	Dimensions of the organization	Management talent
Mechanistic	Machine	Stable system	Extrinsic	Efficiency	Strategist
Psychosocial	Social body	Ultrastable system	Extrinsic Intrinsic	Efficiency Attractiveness	Strategist Executive
Anthropological	Institution with values	Freely adaptable system	Extrinsic Intrinsic Transcendent	Efficiency Attractiveness Unity of values	Strategist Executive Leader

¹⁶ Ferreiro, P y M. Alcázar, “Gobierno de Personas en la empresa,” Piura, UDEP Escuela de Dirección, 2001.

3.1.1. Mechanistic Model

In the mechanistic model of the company, motivation is seen as a problem of *what* and *how much* the company needs to offer a person in order to make him or her do what the company wants. This model is based on the belief that money is the universal motivator, and thus the problem of motivation is reduced to the quantity of incentives to offer.

In effect, all relations between people are reduced to roles and functions, and the organization is conceived as a more or less complex machine that simultaneously produces and consumes. According to this model, the sole aim of business is efficiency and the maximization of profits.

A mechanistic conception of the company implies a very narrow vision. It captures only the tip of the iceberg, that is, the formal organization (roles, procedures, systems...) and ignores all the informal aspects that are at least as decisive for the company's success.

Any work-family policies, such companies adopt, are merely a response to legal requirements and employee pressure and demands.

Mechanistic organizations implement work-life policies only if they benefit the company in the short term. This type of organization is concerned about its image and uses work-life policies as a marketing strategy to attract job candidates and customers.

To illustrate, companies classified as “best employers” receive at least twice as many job applications per vacancy as other companies. Edward Jones & Company, for example, received 400,000 job applications per year after heading *Fortune* magazine's “Best Company to Work For” list¹⁷ in 2002 and 2003, compared to 40,000 before that (Kossek, E., 2005).

3.1.2. Psychosocial Model

Historically, the mechanistic model of the firm was followed by the psychosocial model, which sees the company as a social body which people join in order not only to obtain the rewards the company offers, but also to satisfy other needs by interacting with one another.

Human beings are assumed to be motivated not only by extrinsic factors such as pay, but also by intrinsic factors such as learning, responsibility, achievement, etc.

In the psychosocial model, the ultimate aims of the organization are twofold: efficiency and attractiveness. This means the company must be attractive to its employees, and it must satisfy their appetite for achievement, challenge, professional development, etc. This model offers a more complete account of reality than the one that we find in the mechanistic paradigm.

At this stage, the organization is in a state of alert; it does not want to lose its most efficient employees. So it develops work-family policies to recruit and retain talent by offering more attractive working conditions.

¹⁷ Kossek, E., “Making Dual Centricity Less Eccentric: Best Management and Employer Practices,” International Congress on Work and Family: From Policy to Practice, IESE Business School, Universidad de Navarra, 2005.

Research (Perry-Smith & Blum, 2000)¹⁸ suggests that giving employees flexibility, information and financial assistance can help an organization to work better and enhance employee satisfaction.

Many companies today continue to try to create a better place to work (Gallinsky, E., 2005),¹⁹ so as to:

- Strengthen employee commitment and dedication.
- Increase employee retention.
- Improve employees' mental health and the company's productivity.

In the future, workplace flexibility will not be a luxury, but a necessity. In industries where qualified staff are hard to find, it already is.

3.1.3. Anthropological/Humanistic Model

In the anthropological/humanistic model the firm is seen as an institution whose purpose is not only to be efficient and attractive and so retain talent for intrinsic reasons, but also to be united, so that its members identify with its goals, because those goals give meaning to the human actions that the firm coordinates. In the mechanistic model the only consideration was "what the company does". In the psycho-social model the important question was what the company does and "how" it does it. In the humanistic model, besides these two aspects, there is a further consideration of "why" the company does what it does.

In the anthropological/humanistic model, work-family policies are part of the company's fundamental objectives. The company knows that it is working with people who have their own personal and family lives, which are important for the company and are part of its values.

In the anthropological model, companies pursue work-family policies proactively and strive to become family-responsible enterprises. In fact, this is the only one of the three models that takes a long-term view.

Flexibility is seen not just as something employees want, but as something they need. There is a genuine interest in people, and work is perceived as a service to others.

Employees are smart; they know when a company does not care about people or their families and their personal lives. They know when a company's work-family policies are simply a tactic to retain employees or attract new recruits.

That is why it is so important that the changes in an organization be backed by top management conviction. Without that conviction, the changes will not stay.

Top management must be truly convinced that work and family are not opposites, but complementary facets; that they enrich each another. They must also understand that balancing work and family is a question of fairness and enhances productivity.

¹⁸ Perry-Smith y Blue, "Work-Family Human Resource bundles and perceived organizational performance," 2000, page 1115.

¹⁹ Gallinsky, E., "The Changing Workforce in the United States," Making Work "Work" in Today's Economy, International Research on Work and Family: From Policy to Practice, IESE Business School, Universidad de Navarra, 2005.

The mechanistic model of the firm assumes that the company is a machine, in which people are driven exclusively by extrinsic motives: their motivation does not change as they learn (one way or another). According to this model, all a company needs to do is secure the means to pay its employees, i.e. it needs to be efficient and have managers who are good strategists, so as to detect business opportunities.

The person is understood as a stable system, i.e. one that responds only to the stick and the carrot (extrinsic motives) and that does not learn, as if the only consequence of his or her decisions were short-term efficiency. The second consequence, what the person learns (because the person is a system that learns), is ignored. There is simply no room for it in the mechanistic model.

By contrast, the psychosocial model accepts that people learn, though only in a positive sense, like animals, which always learn positively: if they ever get a nasty fright, they learn never to go back to the same spot again. Human beings, on the other hand, are capable of making the same mistake time and again, precisely because they are freely adaptable systems. They can learn in both senses: positive or negative. This is what defines us as people, the fact that every decision we make has three types of consequences: efficiency, what we learn from our decision, and what others get affected by our decision.

Table 4

Approach to Work-Family Issues in the Three Models of the Firm

Organizational model	Work-family approach	Emphasis at work	What people need	Reason for having work-life program
Mechanistic	The company is not responsible for work-life balance.	Employees are assessed on <i>hours</i> worked and results obtained.	Material (having). The company offers economic benefits (extrinsic motives).	Legislation/ Branding.
Psychosocial	The company acknowledges and reacts to employees' demands for work-life policies.	Employees are assessed on results obtained and <i>objectives</i> achieved, seeking efficiency and attractiveness.	Cognitive (knowing). The company promotes the acquisition of knowledge (intrinsic motives).	Attract and retain employees.
Anthropological	The company takes the initiative and promotes work-life balance.	Employees are assessed on their <i>contribution</i> to the corporate mission, seeking unity and commitment.	Affective (being). The company knows that employees have transcendent motives (serving others).	Employee commitment.

Source: García, M., "Estado de la relación trabajo-familia en el Perú a tres niveles: directivo, organizativo y de toma de decisiones. Reflexiones de una teoría antropológica de la organización y de la dirección," Doctoral Thesis, 2006.

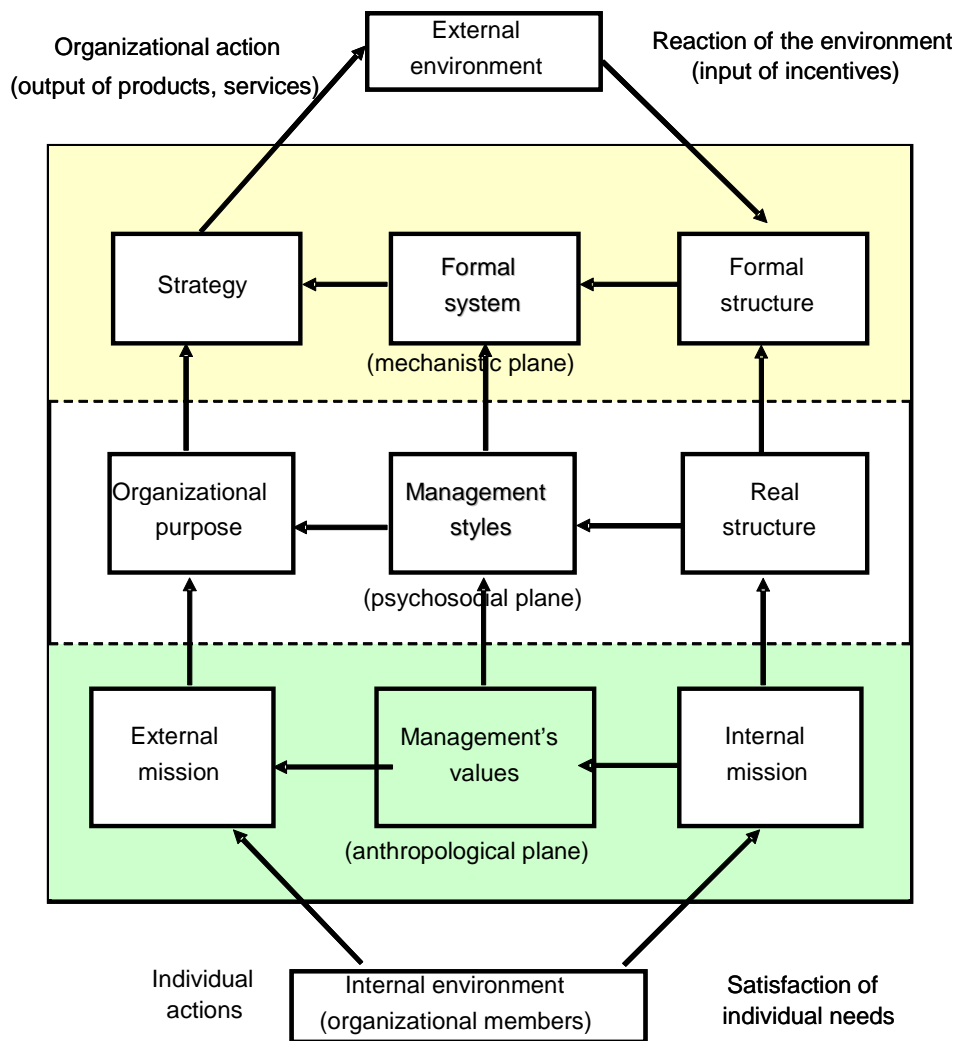
People's motivations change, they don't stay the same. Either they improve or they deteriorate. Why is that? Because people are freely adaptable systems. We are not stable systems that never learn; nor are we ultra stable systems that always learn positively (i.e. for the better). Because we are freely adaptable, we are capable of learning positively or negatively. For example, people may become increasingly impervious to transcendent motives, and see less and less the whole reality of the people around them. Others, meanwhile, may grow in generosity as they

become more aware and more heedful of the impact they have on others. These are the true leaders.

Figure 3 below shows the minimum set of variables needed to represent the company from an anthropological perspective (as an “institution with values”: a group of free people who may learn positively or negatively).

Figure 3

Elements of an Organization: Juan Antonio Pérez López's Octagon



The variables are:

Variables of the Mechanistic Model:

- *Formal organization (organization chart).* The formal roles or functions assigned to people in the organization, and the distribution of tasks.

A person's role in the organization is merely to perform tasks, for which he or she gets paid. Any other employee activities or roles are beyond the scope of this approach and are systematically ignored.

- *Formal system (management systems)*. This includes the selection, compensation and promotion systems, and also the systems for implementing specific strategies (organization and planning) and ensuring that tasks are completed (monitoring and control).

All actions are targeted to a single objective: organizational efficiency. A possible risk is the inadequate use of power. In formal systems, work-family issues are irrelevant to the organizations.

- *Strategy*. Organizational actions aimed at keeping an organization alive and enabling it to fulfill its mission by adapting its actions to the changing external environment. There are several varieties: financial strategy, marketing and sales strategy, human resources strategy, etc.

A company will strive to do whatever has to be done in the circumstances in order to maximize profit. Work-family policies will be considered exclusively on a cost-benefit basis.

Variables Added by the Psychosocial Model:

- *Actual organization (members of the workforce)*: The people who fill the formal functions or roles. They need to have the right cognitive and motivational qualities to carry out the assigned tasks.

The organization is genuinely concerned about who works in the company and in what job. This concern allows the organization to recognize specific employee characteristics and circumstances and prompts the adoption of individualized work-family practices through personalized management.

- *Organizational objective (distinctive competency)*: What the organization does well (products or services). This will depend on the skills and attitudes the organization's members acquire while performing their tasks (sometimes over an extended period). It is closely related to intrinsic and transcendent motives. Merely by adopting an opportunistic adaptive strategy, for example, a company may start to make inferior products – even if in doing so it makes more money – and allow the entire production and sales organization to become demoralized.

“Knowing how to do things” is important for an organization, and so is having an open working atmosphere, where management shows an interest in employees' lives outside work.

- *Management style*: The way operations are conducted and decisions are made to help employees acquire the skills and attitudes that will strengthen the company's distinctive competency. Two processes determine management style: communication (explaining why the company must follow a certain line) and participation at the various stages of decision making (defining the problem, generating alternatives, evaluating the alternatives in light of certain criteria, making a decision, and preparing an action plan).

The company recognizes employees' concerns and needs on the work-family front. Top management backs an in-depth study of the difficulties and problems, and improvements are implemented gradually.

Variables Added by the Anthropological/Humanistic Model:

- *External mission:* Real needs of external customers that the organization seeks to satisfy through its product or service.

The way employees treat customers reflects the way employees themselves are treated inside the organization. Having good role models in the workplace is an important target.

- *Internal mission:* The real needs the organization aims to satisfy in its members as producers, i.e. insofar as their actions determine the quality of the products or services needed to fulfill the company's external mission. The internal mission is focused on creating learning opportunities to develop people's ability to be moved by intrinsic and transcendent motives.

The family is one of the most important motives for employees. Presumably, they will be willing to do a good job and put in extra effort in exchange for flexibility at work and a good work and family life balance. This means that employees' families become stakeholders of the company, alongside suppliers, customers and the local community.

- *Management values:* These are expressed in the way people are treated in the organization and the criteria employed in decision making. Management values include what the organization understands by real needs when making decisions, and how those needs are prioritized (which needs are sacrificed, and in what measure, so that others may be satisfied).

Implementation of flexibility policies in a company requires a relationship of trust and communication among the parties: employees and employer. Employees' commitment to and identification with the company will flourish if the organizational culture favors work-life balance.

Table 5

Framework for Diagnosing Work-Family Relations in an Organization

Organization	Management action	Response to the environment
Formal organization Are there formal work-family policies?	Management systems Are work-family measures coordinated with management by objectives?	Strategy What role does the environment play? What does the organization contribute to the environment?
Actual organization How are work-family issues handled at an informal level? Have any initiatives been launched?	Management styles How does management make decisions on a daily basis? Do managers support work-life measures?	Objective Does the organization try to influence the environment through its employees? How?
Internal mission Does the organizational culture favor work-life balance?	Management values Do managers foster the development of their subordinates on all levels? Is there a statement of values? Is there any explicit reference to the family?	External mission What does the organization understand by social responsibility? How does it plan to exercise this responsibility?

Source: García, M., "Estado de la relación trabajo-familia en el Perú a tres niveles: directivo, organizativo y de toma de decisiones. Reflexiones de una teoría antropológica de la organización y de la dirección," Doctoral Thesis, 2006.

As previously stated, in the anthropological model or paradigm the company is viewed as an institution – a human reality – whose ultimate purpose is to organize people’s abilities to satisfy those same people’s needs. Any realistic vision of the company will recognize two characteristic dimensions that define a company’s quality: its *ability to do things* through the learning it facilitates in its members with respect to operational capabilities and its *ability to know what things must be done* in order to satisfy the *real needs* of its *consumers* (external mission). In that sense, we can say that the company is an *instrument that serves* to satisfy human needs *by raising the motives* of the people who belong to it.

It is often repeated that the company is a place where people must learn and that it is the job of managers to teach their employees. Very likely, many of those who say that do not realize just how true it is, and how deep the learning must go for the company to become stronger and more united. Employees must learn not only the technical side of their profession, but also what it means to be professional and use their technical knowledge in the service of others. This latter form of learning – motivational learning – is the primary goal of the leadership exercised by top management.

3.2. The Management Function

In every organization there are two types of activities: programmed and managerial activities. The latter are those that supply all that is not provided for in the programmed activities in order to solve problems. Management is responsible for the smooth running of the organization. The management task can be broken down into the following three areas:

- *Strategic activities.* Formulating the organization’s goals.
- *Executive activities.* Specifying and communicating what each person must do in order for the organization to achieve those goals.

- *Leadership activities.* Motivating people to effectively do what they are expected to do.

Each of these three types of activities requires different capabilities and skills. This means there are three dimensions to every manager: his or her quality as a *strategist*, his or her quality as an *executive*, and his or her quality as a *leader*. Obviously, a manager may be extremely good at one thing and not so good at the others. Also, an organization may want one type of manager more than another at certain times and in certain circumstances. So usually it is pointless to try to define the “ideal” manager. There is, however, one quality that managers always need, and that is leadership ability. Without it the organization will start to disintegrate.

It should be clear at this point that the conception of management we are describing here is based on the only complete view of business: the conception based on the anthropological or humanistic model. The other models are just particular cases which simplify the management function by ignoring one of its aspects and so have limited validity. The mechanistic theories, for example, see only the technical side of management, while the psychosociological theories see only the technical and psychological components. Only the anthropological theories encompass all three components of the management function: technical, psychological and ethical.

Now let’s take a closer look at each of the three dimensions of management.

3.2.1. The Manager as Strategist or Entrepreneur

The strategic dimension of management seeks the achievement of good results on the level of the *efficiency* of an organization. It also involves discovering *opportunities* in the environment that enable the organization to generate high value through its operations. It is a matter of finding a *saleable* product.

Opportunities exist, they are not created by management. Nevertheless, the ability to recognize a given situation – which everyone shares – as an opportunity presupposes an ability to see certain aspects of reality that most people fail to see. Many people are unaware of the immense creative energy that lies at the origin of so many enterprises. Once an enterprise is under way and proving successful, it is easy to get the impression that “anyone could have thought of it” and that the entrepreneur “was lucky or had certain privileges”. Unfortunately, it is rarely appreciated that many a success story is founded, purely and simply, on the outstanding human capacity that enabled a particular individual to do something that no one would otherwise have done.

Thus, a strategist is one who is capable of making good use of the opportunities afforded by the environment in order to do business. Normally, we say that a person is a *good businessman or businesswoman*. Every company manager should be a strategist to at least some degree.

This dimension predominates in the people who in the business world are known as “pure entrepreneurs”, meaning that these are the sort of people who like starting new enterprises, but do not want them to turn into large businesses. They tend to leave the business before that can happen and to launch some new enterprise. Some of them are aware that they lack the executive capabilities needed to run a large organization; others simply do not like the idea of creating a large organization because they feel that it will get out of hand or because it causes problems they feel unable to resolve. It may also be that they do not realize about their own limitations until they have failed as executives. Their success as entrepreneurs may have led them, through sheer inertia, to allow the organization to grow to the point where they need to

show excellence in a dimension of management other than that which enabled them to succeed in the first place.

A strategist will see the work-family issue as an opportunity to increase performance and improve efficiency. He or she will weigh up the need for work-family reconciliation in the same way they would weigh up a business opportunity. Their involvement in any work-family program will be more apparent than real, as he or she will avoid going to the heart of the problem, but will see it as an opportunity to enhance the company's image.

3.2.2. The Manager as Executive

A manager's executive skill is demonstrated in the ability to discover the talent and skill of the people he manages. They are able to harness the internal motives they subordinate by designing tasks in a way that stimulates this level of motivation. A manager with great executive capacity tends to see the organization as a living organism that is constantly developing and learning. They are less concerned with what the organization does than with what it is capable of doing. They discern a potential in people that they themselves may not be aware of, then organizes and distributes tasks in such a way as to make the saleable product producible.

Executive ability presupposes outstanding skill in communicating difficult objectives to a large number of individuals and requires a deep perception of individual's strengths and weaknesses. Of course, a manager with executive ability will obtain significant results in what we have called the dimension of *attractiveness* of an organization.

So they are keen to create new opportunities for talent development by delegating and improving communication in the context of a work-life program. The manager's role in work-family issues will be reactive, in the sense that he or she will tackle issues as employees bring them to his or her attention.

3.2.3. The Manager as Leader

A manager with leadership quality is not only concerned that things be done in a way that makes the organization efficient. Nor is it enough for him or her that these things be more or less appealing to those who have to do them. Above all, he or she wants people to develop their full potential and to internalize the organization's mission. A leader tries to maintain and cultivate the unity of the organization and is concerned with problems such as developing a sense of responsibility among his or her subordinates, that they be capable of acting out of a sense of duty, and so on. Basically, they try to teach their subordinates to judge their actions according to how those actions affect other people. For this reason, the saleable and producible product must also be useful satisfies customers' *real needs*.

A leader inspires trust and persuades employees to identify with the company by anticipating their needs. A leader institutes a family-responsible culture that favors work-life balance. His or her role in work-family issues is proactive, leading to a family-friendly culture that facilitates continual personal improvement.

Whereas the strategic and executive dimensions require certain natural abilities that can be cultivated through education, improvement in the leadership dimension depends exclusively on the individual concerned. Leaders are not born. They become leaders through prolonged

personal effort to acquire the ability to act for the benefit of others, overcoming their own selfishness. We shall see such a difficult task this is for managers.

Just as the strategic and executive dimensions presuppose certain natural abilities in the individual that may be developed through the educational process, the existence and development of the leadership dimension depends solely on the individual. Leaders are not born. People become leaders through their own personal effort, in a long process whereby they gradually acquire the capacity to promote the good of others while overcoming their own self-centredness. We shall now see just how difficult a task this is for a manager.

If a leader is someone who embodies certain values, makes other people acknowledge those values and identify with the mission of the enterprise, then it is obvious that these values cannot be just any values. When Louis XIV said “I (...and my wishes) am the state”, it was difficult for anyone else to identify with his mission. There is really only one sort of values that people identify with: values based on the idea that individuals and their development are what matter most.

The leader operates on a level of reality that constitutes the realm of *human freedom*, the level we have called transcendent motivation. A leader is not satisfied – as an executive or strategist might be – if a subordinate obeys him or her and obtains the required results, but out of fear, or because he or she expects a reward, or for any motive other than the *real value* of whatever it was he was asked to do.

Given that the motives that lead a person to act in one way or another cannot be imposed from outside, and that no one can do all that is necessary to get another person to act for transcendent motives, what can managers do to improve the motivational structures of the people in their charge and thus also the unity of the organization?

Not be an obstacle to any subordinates who are willing to act out of transcendent motives

This may seem very easy, but it is not, because extrinsic, intrinsic and transcendent motives often conflict with one another. A manager who is overly concerned about maximizing efficiency will create situations in which his or her subordinates find it very difficult to satisfy their transcendent motivation. If, as we have said, the company is not a stable system but a dynamic reality engaged in a constant learning process, at whose cost is the maximization of results to be achieved?

Conflict situations may arise in isolation (i.e. a reprimand from the boss for wasting time and losing a sale, when the employee was merely trying hard to help a customer); or they may be institutionalized through a control system that ties incentives to individual targets.

“Not being an obstacle” means, for example, when an employee wants to do what is best for his or her family (children, spouse or parents in times of ill-health or need), not putting him or her in the position of having to choose, but instead helping to help his or her family. Otherwise, employees are confronted with a contradiction. On the one hand, they are told they must do their best to serve their external and internal customers; on the other, they are prevented from serving their very closest “customer”, their own family.

*Teach subordinates to weigh the consequences of their actions and omissions
for other people*

The fact is that transcendent motives are a powerful driving force in human nature. Often, all it takes is a little effort of awareness to rouse them.

It is easy to imagine how challenging it can be for a manager to teach his or her subordinates on this level. Initially, the manager may be able to influence only a small circle of people, given that this kind of learning requires frequent close contact. Most of the training, however, will consist of teaching people to do the same with their subordinates as their boss is doing with them. If we think about it, a cascading process of this kind is the only effective way to disseminate a management style throughout a company and spread a positive culture that will strengthen the company against adversity.

Assessing the consequences of our actions and omissions for our family is another issue we should encourage employees to think about. When planning careers we should take the family into account, that is, make career plans that encompass all three spheres of life: personal, family and professional. Being consistent in this respect is another way of helping employees to always think of all the consequences.

Be exemplary

This is a necessary condition for the previous two recommendations to succeed. If a manager acts out of transcendent motives, he or she will be doing the best to persuade others to do the same.

If manager's dominant motives are of a different nature, it will be extremely dangerous for them to appeal to their employees' transcendent motives, since their own real motives will be discovered sooner or later – usually sooner than they think – and people can react unpredictably when they feel that they have been deceived. Underlying all this is the principle of reciprocity in interpersonal relations, which is the basis of trust and is exercised on a daily basis.

Setting an example is also a necessary condition for acquiring authority, which is a leader's great strength. At this point we should bear in mind a very useful distinction, inherited from Roman law, which identifies two contrasting ways of influencing the way people behave. This is the distinction between *formal power* – the power conferred on a person by virtue of his position in order that his orders be carried out – and *authority*, whereby his or her orders are accepted without coercion. A person who has formal power does not necessarily have authority. Authority or personal power is based on free acceptance by subordinates of the orders given by a hierarchical superior.

Setting an example means not only managing subordinates properly, but also, for instance, leaving the office at a reasonable time. This invites others to feel free to do the same, provided they have finished their work, rather than staying in case they get a call from the boss.

Every manager has a degree of formal power (the power to grant pay increases, dismiss people, etc.) and a degree of authority or personal power (i.e. their subordinates trust them her to give orders that are in everybody's best interest and so deserve to be obeyed).

Setting an example is the only way a manager can earn authority in the eyes of his or her subordinates, as authority depends on trust. Only when subordinates are confident of their boss's good intentions and genuine concern for others there is a foundation for authority. They must also trust the boss's ability to make the right decisions. The best leader is his or her who uses power to help people, so that when the time comes, his or her help is no longer needed.

Managers gain in authority as they use their power wisely. Like trust, authority is built up slowly, but easily lost and very difficult to regain. The reason for loss of authority is invariably the abuse of power. Basically, there are three ways in which formal power can be abused:

1. Unfair use of power. Taking something that belongs to someone else. This has to do with acceptance of others: accepting one person but not another, merely because I happen to like them or not. Treating two very different people the same would be equally unfair, a form of misguided egalitarianism.
2. Not using power when it should be used. By failing to use power, a manager may jeopardize the company's ability to achieve the level of efficiency and attractiveness it needs in order to survive.

Sometimes, middle managers need to be assessed to see whether they are implementing the flexibility policies as they should. If not, power must be exercised to ensure that they do. The number of policies implemented during the year (flexible working hours, part-time working, reduced working hours, etc.) as a percentage of the number requested by employees could be one of the measures in managers' annual performance assessments.

3. Unnecessary use of power. Unnecessarily constraining subordinates' freedom undermines a manager's authority.

For example, saying that everybody must respect the two-hour lunch break because "I'm the boss", instead of giving people more choice, so that they can meet family needs.

It has to be stressed that management is the art of combining the three types of goals: efficiency, attractiveness and unity. We cannot afford to neglect any of them if we want to fully solve the problems we encounter at each stage of our organization's development, as we lead it toward excellence.

As Oscar Wilde cynically said, all men kill the thing they love: murderers do it deliberately with a knife; honest people, by negligence or omission... Something similar could be happening to our businesses when, more or less consciously, they are run on purely economic business lines.

The same applies to our families, and the families of our employees, which may suffer from negligence or omission while we juggle our responsibilities as if we were spinning plates on a stick. Usually, the demands of the job are more immediate, because the company has short-term incentives and sanctions, whereas the family is patient and understanding. So we tend to forget about it until it is too late and the plate crashes to the floor. Only then, we realize that it was the only piece of china, while all the others were plastic!

Chapter 4. Management Competencies

4.1. The Management Competencies Companies Value Most²⁰

The concept of competencies has gained currency in recent years in the field of management. People talk about competency assessment, management by competencies, competency development, among others. The specialized literature is full of lists of competencies, some more complete than others. But still it is not easy to find a simple definition. Clearly, there is a growing awareness of certain components of managerial excellence that go beyond objective technical skills.

Many companies judge their employees on their results, i.e. what the employees do. Results-based assessment has the obvious advantage of being objective: provided the goals have been defined in measurable, quantitative terms, it is fairly easy to determine how well an employee has done. Usually, assessment on results is combined with incentive systems that reward goal achievement. The assessment tends to be carried out by the employee's hierarchical superior. The disadvantage of this type of assessment, however, is that it is essentially backward-looking: it uses data from the past. Also, the objectives are imposed from outside the individual, so achieving them may not necessarily entail any kind of personal development.

For these and other reasons, more and more companies are starting to assess employees not only on results (*what they do*), but also on the means they employ to obtain the results (*how they do it*). In extreme cases, if we only consider results, we may find ourselves encouraging behavior that contradicts the competencies the company wants to develop in its employees. To put it another way, we may be acting as if the end justifies the means, with all the dangers this entails.

Therefore, we need to think in terms of competencies: what they are, how they are developed, and how they can be measured. The concept of competencies was introduced into the business world by McClelland (1973),²¹ who used it to show that career success cannot be predicted from intelligence tests. Since then, the concept has been gradually refined and narrowed down to refer to observable behaviors that contribute to the success of a job task or mission (Woodruffe, 1993).²²

The subset of “management competencies” comprises observable and habitual behaviors that enable a person to succeed in the management function. To determine what these behaviors are, we need to decide exactly what we mean by the management function. According to the anthropological model of the company developed by Juan Antonio Pérez López (1993),²³ the management function consists of designing strategies that produce economic value by developing employees' capabilities and uniting them with the company's mission. If a company produces economic value by destroying or impoverishing employees' competencies, it undermines its own ability to produce economic value in the future. Therefore, this is not a valid strategy.

²⁰ García Lombardía, R., P. Cardona, and N. Chinchilla, “Las competencias directivas más valoradas,” OP No. 01/4, IESE Business School, 2001.

²¹ McClelland, D.C., “Testing for competence rather than for intelligence,” *American Psychologist*, 28, 1973, pp. 1-14.

²² Woodruffe, C., “Assessment centres: identifying and developing competences,” Institute of Personnel Management, London, 1993.

²³ Pérez López, J.A., “Fundamentos de la dirección de empresas,” Ed. Rialp, Spain, 1993.

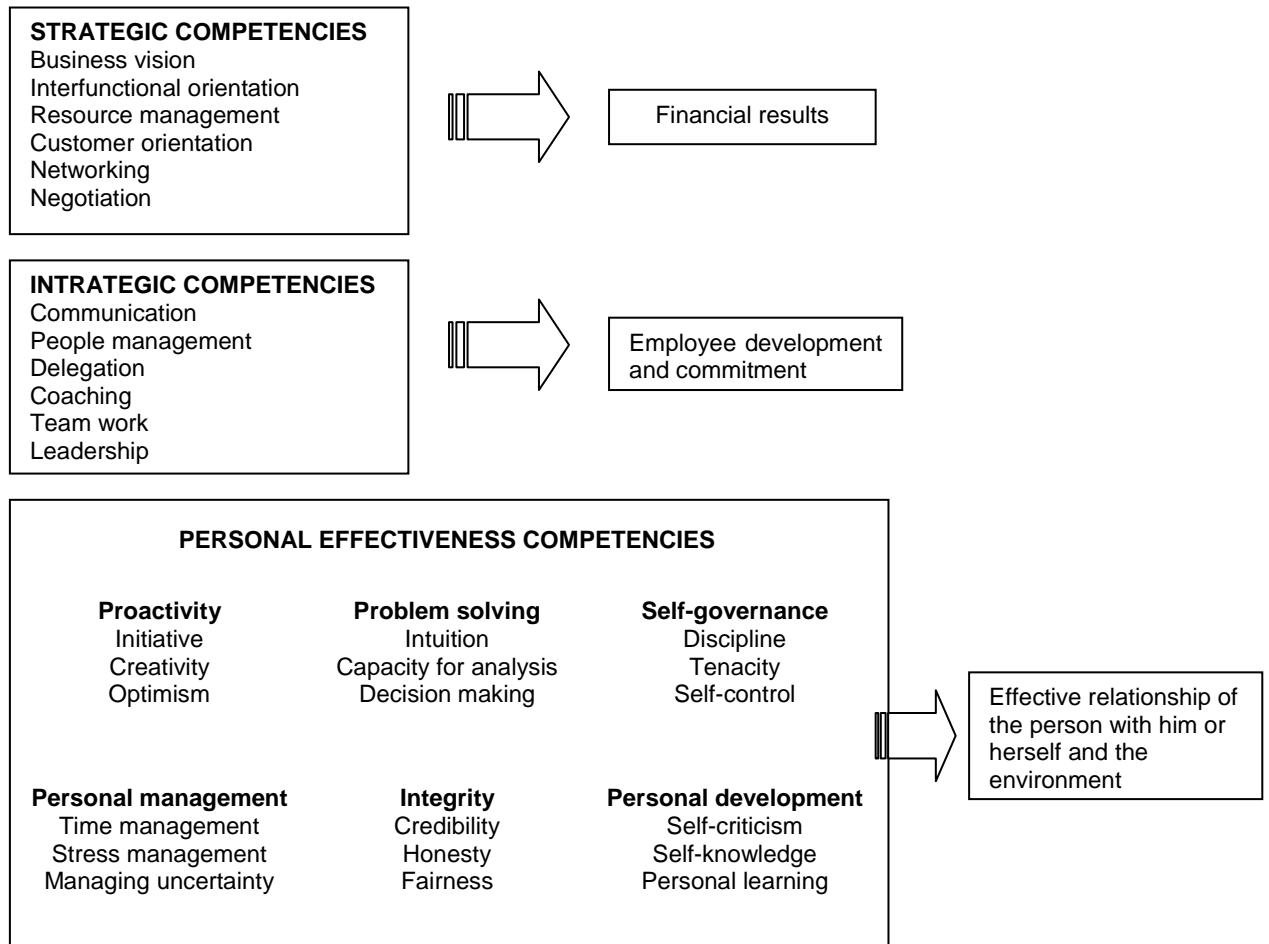
Besides the strategic dimension, the management function includes another dimension relating to employee development and commitment to the company. This is what Cardona and Chinchilla (1998)²⁴ call the “intrategic dimension”. Strategy targets and is measured by efficiency, whereas intrategy targets and is measured by unity, that is, the extent of employees’ commitment to and trust in the company.

So far, we have identified two types of management competency: strategic competencies, to achieve business and financial performance; and intrategic competencies, to achieve unity.

There is a third group: personal effectiveness competencies. These are the habits that enable a person to relate effectively to his or her environment (Covey, 1993).²⁵ Personal effectiveness competencies determine a person’s ability to manage oneself, which obviously is essential for anybody who aspires to manage others. Table 6 shows the competencies that make up each of these three groups.

Table 6

Principal Management Competencies



²⁴ Cardona, P. and N. Chinchilla, “Intrategia. En busca del alto rendimiento y de la supervivencia a largo plazo,” *Harvard-Deusto Business Review*, July-August, 1998, pp. 36-41.

²⁵ Covey, S.R., “The 7 Habits of Highly Effective People,” Simon & Schuster, New York, 1989.

Strategic, intrategic and personal effectiveness competencies are therefore management competencies, that is, habitual and observable behaviors that enable a person to succeed in performing the management function. Clearly, they are desirable in theory, but do companies value them in practice? By assessing these behaviors in a specific company we can obtain relevant information about the company's organizational culture, and possibly even its future, at least in terms of employee commitment and organizational unity.

To determine the management competencies that companies value most highly, a study was carried out by IESE on companies in 30 countries (García-Lombardía, Chinchilla and Cardona, 2001).²⁶ The companies were asked about the importance they gave to a range of competencies when recruiting management staff. Given the characteristics of the sample (companies that habitually recruit MBA graduates), we can assume that they are looking for qualities that fit with their corporate culture and values. Asking about these values directly would have yielded unreliable information, as the respondents would have tended to overrate the competencies that happened to predominate in their organization. Therefore, a complete competency profile was used.

Table 7

The Ten Most Valued Competencies

	Valuation	
	Category	Rank
Customer orientation	Strategic	1
Respond promptly and effectively to customer suggestions and needs.		
Leadership	Intrategic	2
Give meaning to their subordinates' work, encouraging, inspiring and motivating them to achieve the goals they have set.		
Integrity: Honesty	Personal effectiveness	3
Behave honestly and honorably in any situation.		
Proactivity: Initiative	Personal effectiveness	4
Are enterprising; start and drive the necessary changes tenaciously and independently.		
Team work	Intrategic	5
Foster an atmosphere of collaboration, communication and trust among the members of their team and stimulate them to achieve common goals.		
Communication	Intrategic	6
Listen and convey ideas effectively, using formal and informal procedures, and back their observations and conclusions up with specific data.		
Business vision	Strategic	7
Recognize and exploit opportunities, threats and external forces that impact on the company's competitiveness and efficiency.		
Personal development: Personal learning	Personal effectiveness	8
Are flexible enough to change their behavior, so as to reinforce their strengths and overcome their weaknesses.		
Integrity: Credibility	Personal effectiveness	9
Are transparent and keep their promises.		
Problem solving: Decision making	Personal effectiveness	10
Are the capacity to pull all the details together and grasp the big picture when making decisions.		

²⁶ García Lombardía, P., P. Cardona, and N. Chinchilla, N., "Las competencias directivas más valoradas," OP No. 01/4, IESE Business School, 2001.

The first conclusion to be drawn is that strategic competencies, traditionally considered the most important ones, are generally less highly valued than personal effectiveness and, above all, intrategic competencies. Of course, managers are expected to have strong strategic skills, especially as regards customer orientation. But overall, of the three groups, intrategic competencies are rated the most important. As we said, intrategic competencies are habitual and observable behaviors that are conducive to success in developing the organization's members, and also in generating unity and commitment.

Personal effectiveness competencies are also highly valued. Nonetheless, it is a fairly balanced profile, as none of the three dimensions of management competencies can be ignored. In any case, this balance deserves serious consideration. It basically reflects the growing need to cultivate the organization's members both on a personal level and in their relationships with others.

We can conclude from the survey results that none of the three dimensions (strategic, intrategic or personal effectiveness) is considered significantly more important than the others.

A glance at the ten management competencies that companies value most confirms what Table 6 suggested: intrategic competencies carry a significant weight in this classification. This means that companies want managers who are good at building teams, developing their subordinates and leading and motivating people.

The profile we see in the table is entirely consistent with the growing interest in concepts such as intellectual capital and, above all, an organization's intangible assets. Basic strategic competencies, such as customer orientation and business vision, are obviously indispensable. But the manager of the future is expected to adopt a proactive attitude toward the people inside the organization: subordinates, colleagues and superiors.

This attitude is rooted in personal effectiveness competencies: honesty, credibility, decision making and ability to learn are prerequisites for developing any other competency. Can we imagine a leader without credibility? Is it possible to have business vision and satisfy customers' changing needs without having the ability to learn? It is not just a matter of having certain aptitudes (these are a necessary but not a sufficient condition). Today's managers must display a positive, proactive attitude toward all the constituencies affected by their decisions: the external environment, the internal environment, and themselves as people. One of the most important conclusions of this study of the competencies that companies value most is that personal and professional development need to advance in tandem. This is clear from the importance given to competencies such as honesty, initiative, learning and credibility. In fact, personal development is a prerequisite for professional development, as it involves attitudes and behaviors that are the basis for ongoing learning and improvement.

4.2. The Family as a School for Competencies

Both family and work offer opportunities for human and professional development and should be seen as mutually enriching, rather than conflicting. In fact, although the value of housework is not yet taken into account in our economic system, if all housework were paid and so were included in the national accounts, it would add 33% to the Spanish GDP, that is, the national wealth would increase by 33%. And that's just the economic value. If we consider the human

and social capital that accumulates at home, it becomes obvious that housework (the work of building a home) is irreplaceable.

When a person becomes a parent, he or she is liable to develop management competencies, because domestic chores are a constant source of personal development, as are the tasks of childcare and eldercare, and the role of husband or wife. Opportunities abound to learn the skills of communication, empathy, delegation, negotiation, team work, etc. But it takes time and energy to make all this happen. Let's look at the competencies one by one.

The first most sought-after competency is *customer orientation*. This means being alert to and knowing how to satisfy other people's real needs. What better place than the family to learn this – without being paid, praised or acknowledged for it!

The second most prized competency is *leadership*. Leadership means being a role model, setting a good example. Nowadays, leadership is based on a whole set of competencies, the most important being the inter- and intrapersonal ones: the capacity for interpersonal relationships and self-leadership. How can we possibly lead others if we cannot lead ourselves? This competency is learned and developed at home, because that is where our family holds a mirror up to us, so that we learn to know ourselves and set ourselves high standards. This helps us to improve and grow.

The third most valued competency is *integrity*. Integrity means being honest or honorable and ethical; but it also means being genuine, a unique person. It means having only one life, and be coherent with it: being the kind of person who speaks, thinks and acts consistently in every situation. This is what generates trust and predictability in companies. Again, it is at home where people learn to be trustworthy and show integrity, not just as children but also as husband and wife.

The fourth competency is *initiative*. Initiative means being proactive, rather than merely reacting to the demands of the environment. It also means taking control of the situation, deciding what needs to be done and anticipating events. This, too, is a competency acquired at home. It is particularly important for parents; but children, too, would benefit from being more proactive, rather than the way they often are nowadays: passive and reactive, having had everything given to them before they needed it, and always asking for more instead of finding their own solutions to their needs.

Number five is *team work*. Team work is not what people usually take it to mean. Team work means putting my heart into the job, so that my contribution is unique and irreplaceable. It means doing the best I can. That is how we work at home. It is obvious that parents are going to do the best they can for their family; and children need to be encouraged to do the same. Developing this attitude at home and in the family is the best way to ensure that people come to the labor market with a capacity for commitment, generosity and solidarity.

Sixth is *communication*. Communication is the ability to listen, to share, to get inside the other person's head and understand his or her mindset and assumptions. This takes time, enthusiasm and genuine interest, and is much easier to do at home than in the tension of a working environment, where we tend to be under pressure. If we do not develop the habit of communication in the family, where there is genuine affection for and interest in others, how are we going to communicate at work?

The seventh most sought-after competency is *business vision*. This is the ability to recognize business opportunities, which means detecting other people's unmet needs. This, too, is an

ability that can be developed in the family, where we anticipate each other's wishes and needs and look for opportunities to satisfy them.

Eighth is *self-improvement*. Which means, first of all, the capacity for self-knowledge; second, the capacity for self-criticism; and third, the desire to learn and improve. Of course, these skills can be developed in companies, using good coaches and managers. But, if people have never experienced these skills at home nor learned to know themselves and be self-critical, if they have been taught to consider themselves immune to criticism, then they will not have developed this vital leadership competency.

Ninth is *decision making*. There are two sides to decision making: rationality and prudence. This means making rational decisions, and being prudent rather than doing what happens to be convenient here and now. Again, this is a competency people acquire in the family. We develop it in our children by making decisions *with* them; not just letting them decide, but helping them to think. That is the best legacy we can leave them: the ability to use their intelligence to foresee the consequences of their actions or omissions, and to judge the consequences. We don't want to be like Hamlet, always waiting to know for sure (the "paralysis of analysis"), without ever actually doing anything, because there's always more information to be gathered and analyzed. Nor do we want to be like Othello, jumping to conclusions, shooting first and asking later. The middle term here is prudence: rational decision making. Decision making has a lot to do with how we help to shape the character of our children and our spouse. Character is rooted in temperament, but if we allow ourselves to be guided by temperament, we are not being rational decision makers, we are simply being impulsive. The competency of decision making starts with knowing our temperament and developing a reasonable character.

The tenth most sought-after competency is *cross-functional orientation*. This is the ability to anticipate and evaluate the impact of my actions and omissions on other areas and departments of the company. It is particularly useful for breaking up "fiefdoms" in companies. We develop this competency at home when we learn to anticipate the consequences our actions and omissions are likely to have for others, and to identify with our family and the mission we have given it. In companies, this is when employees feel part of a corporate mission and know that they hold the whole thing together. It means accepting that I am a part, not the whole; that my job is to serve others. The family is particularly effective in developing the spirit of service, which is enormously valuable to companies.

Why is it so important that we should have time and energy to spare when we get home? What do children and parents need? Support to build a healthy personality in and for freedom. That is how children acquire the competencies that society and companies need. If we arrive home in a state of exhaustion, we need all our free time just to recover. Work intrudes on family life physically as parents get home late. But the invisible psychological or emotional intrusion is worse: even when we are at home, we are "not there", because we are still thinking about work. Arriving home without time or energy for the family is unfair. Building a family and building a marriage takes time and energy. These are two tasks we cannot delegate.

Children need to see their parents' values in action. They need their parents to be there for them; they need their parents to spend time with them, to give them confidence. It needs to be quality time, and in sufficient quantity, so that the parents are there to listen and help them think on a daily basis. Children also need their parents to communicate and to be consistent, having a positive attitude towards life.

Acceptance of one's own limitations is another thing people learn at home, particularly if the parents have the humility to apologize when they are wrong, and move on. Parents should also encourage their children to be independent, without overprotecting or neglecting them, but helping them to rationally make their own decisions. This is best done using the Socratic method, which helps them to think for themselves, rather than giving them the answers. Children need help and guidance to plan their lives, not laissez-faire parenting.

This means that children need coaching. As a parent you learn to be a good coach, to be a good mentor, and to delegate. All these takes time, good role models, and time spent living together. Home needs to be home, not just a hotel where we go to eat and sleep.

We must never forget that work is always a means to an end, which is the family. Not the other way around. Because if we allow work to become an end in itself, we put our family second and are likely to end up losing both – our family and our job. Therefore, companies must give employees flexibility, so that work-life balance can become a reality. If we do not help people in the company manage their time and stress, work will invade their personal and family lives, like a gas that filters through any crack in our agenda.

According to a study carried out by IESE involving ten thousand married couples with children,²⁷ the main cause of work-family conflict is not the mismatch between school hours and working hours, but the difficulty of combining work and family. This is the root of the problem. That is why companies must help people find new ways to reconcile work and family. The second cause of work-family conflict is lack of support from superiors and colleagues. This is a matter of corporate culture. The lack of support has to do with the fact that many companies have no policy of hiring substitutes when a woman takes maternity leave, for example, so that all her work is offloaded onto colleagues, which naturally generates resentment. The third cause is the lack of specific policies to promote work-life balance.

By helping people to think how they can be better parents, spouses and family members, we help them set themselves a goal as a family. We also ensure that the family continues to be a school for competencies, especially intrategic and personal effectiveness competencies, which are the ones that companies value most.

²⁷ Chinchilla, N. and S. Poelmans, "Dues professions i una familia," Generalitat de Catalunya, Departament de Benestar i Família.

Chapter 5. The Situation in Spain: Family and Labor Market

One of the most pronounced and persistent trends in European labor markets in recent decades is the steady increase in women's labor force participation. In 2004, according to Eurostat, 54.5% of women in the European Union were in the labor force, with country-level participation rates ranging from 45.25% (Greece and Italy) to 71.6% (Denmark). In Spain the figure was 48.3%.

The first reason for the gradual entry of women into the paid labor market is the desire of many women to practice a profession for which they have spent years studying (which was less common in earlier periods). Sometimes, however, the most important reason is the need for women to work in order to feed their family, even though they may prefer to devote more time to their children.

One consequence of this process is the change in the way homes (or families) are organized. "Dual earner families" (in which both partners work outside the home) have become the norm. According to Eurostat data for 2000, 62% of European households made up of couples (with or without children or other dependants) between the ages of 20 and 59 fell into the dual earner category. Spain, with 43% of dual earner households, was still well below the European average, although the situation had been changing rapidly since the early nineties.

While the number of couples in which both partners go out to work has increased, the distribution of tasks in the home remains much the same. The burden of combining work and family falls primarily on women. The problem is particularly acute at the most decisive moments, as forming a family, having children and taking care of their upbringing tend to coincide with crucial career stages. Work and society are still largely organized in a way that favors the classic pattern of male labor force participation.

As a result, some women exit the labor market to devote themselves to their family and home, at least temporarily. In other words, they opt to address the twin challenges of work and family in two stages, putting family first. Others make it a priority to consolidate their career first, putting off other aspects of personal development until later.

Reconciliation of work and family life, and the movement of women into the labor market (which in Spain has accelerated in recent years), has a variety of consequences for individuals, their families and their careers. And these consequences have an impact on civil society, households and companies. For example, the quest for work-life balance has been linked to the decline in the birth rate, the decrease in the fertility rate, the interruption of women's careers (especially after the age of 30) and the difficulty of resuming a career after the interruption, the impact on marriages, and the amount of time spent with the family, which affects children's education and the care of dependants.

According to the 1999 Fertility Survey, 31% of women who do not have as many children as they would like give lack of financial resources as the main reason, while 14% cite the fact of working outside the home. In Spain, the birth rate is extremely low. According to the United Nations, in 1970 Spain had an index of 2.8 children per woman of childbearing age. In 1995, according to Eurostat, the figure was 1.18 children, below the European average of 1.42 and well below the world average of 3.1. The estimate for 2002 was 1.25 (largely thanks to the

children of immigrants), but still a long way from the replacement rate of 2.1. Coupled with increasing life expectancy, this has led to an aging of the population.

Another phenomenon worth noting is the increase in single-parent families. According to 1990 figures, the proportion of single-parent families in Europe ranged from 3.1% (Sweden) to 10.6% (Ireland). In Spain, the figure was 8.1%.

Work-life Regulations in Spain

There has been much debate in recent months about tightening the legal requirements, and more “family-friendly” regulations have been introduced for public employees.

All employees have the following rights:

Right to a reduced working day in order to look after children under six or physically or mentally disabled dependants, and also to avoid risk during pregnancy.

Sixteen weeks’ maternity leave, which may be extended for multiple births. Six of these weeks must be taken immediately following childbirth.

Paternity leave is two days, or four if the father has to travel.

Employees may take up to three years’ leave to care for children, counting from the date of birth. Also, employees may take up to one year’s leave to look after a relative.

With the Concilia Plan, negotiated and agreed with the civil service unions, the Spanish government has taken steps to modernize and improve the quality of public service. The plan improves living and working conditions for more than 500,000 civil servants.

The most significant measures are:

- More flexible working hours, ending not later than 6 p.m.
- Ten days’ paternity leave for childbirth or adoption.
- Option of exchanging breast-feeding leave for an extra four weeks’ maternity leave.

Results of the IFREI Report

For the 2005 IFREI report, questionnaires were sent to one thousand Spanish companies that had 50 or more employees. A total of 108 companies answered, giving a 10.8% response rate. Of these 108 companies, 85 were large (more than 250 employees), while 23 were SMEs (50 to 250 employees).

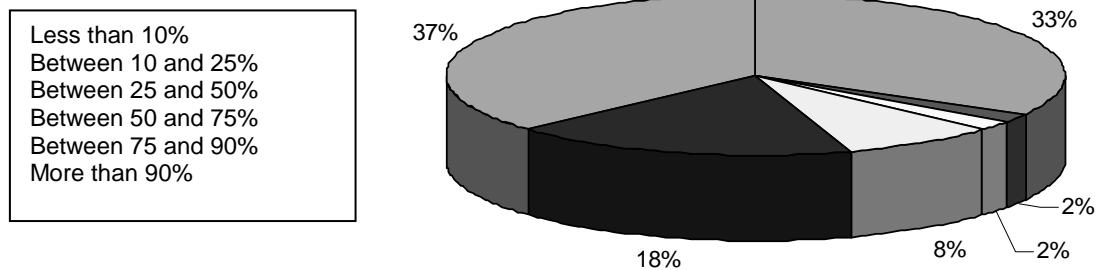
Eighty-nine percent belonged to the private sector, 8% to the public sector, and the remaining 3% to the public-private sector.

Twenty-one percent belonged to manufacturing industry, 10% to the food and beverage industry, and 9% to the banking and insurance industry. Thirty-seven percent marked the “other industry” option, as they did not find their industry in the list provided.

The distribution of the proportion of female employees in the sample companies was as shown in Figure 4.

Figure 4

Proportion of Female Employees



Having obtained the sample, the next step was to analyze the data:

Policies

- *Flexibility policies.* The most popular policies are leave to deal with family emergencies (96% of the companies have such a policy), flexibility in taking days off (93%), time off for training (82%), leave to take care of family members (74%), and lastly, voluntary reduced working time (71%), followed very closely by flexible working hours (70%). Looking at it from the opposite angle, the least common flexibility policies are hours banks (13%) and career breaks (30%). Seventy-five percent of the companies claim to have some kind of a policy to hire substitutes for employees on leave, and 57% make a special effort to help employees get back into their job on returning from leave.
- Another important group of policies concerns *professional and personal support*. The most widely used are: time management courses (78%), career, personal and family advice (62%), legal counseling (52%), and assistance for expatriates/immigrants (51%). The least widely used are parenting and marriage preparation courses (4%), prenatal and nutrition courses (13%), and courses on work-life balance (16%).
- The *services* most commonly offered to help make employees' lives easier outside work are parking facilities (79%), company restaurant (61%), travel agency (57%), transportation (41%), and information on local preschools and schools (38%). The services least widely offered are company-paid daycare/babysitter during business trips or overtime (5%), and dry cleaning/laundry service (10%).
- *Non-salary benefits* are generally quite popular in Spanish companies. The most widely established are life insurance (89%), discount purchases (72%), meal tickets (58%), and health insurance for family members (62%).

Facilitating Factors

- *Leadership.* Overall, there are very few companies in which managers are completely unaware of the problem (4%). Almost one-third of the sample (32%) say that most of their managers are aware of the need to design policies that facilitate the reconciliation

of work with family and personal life. The remaining 65% say that some of their managers are aware of the issue; but only 29% consider it necessary to take measures.

On the other hand, 13% of the companies accept that their managers and supervisors devote time to their families, promote the family, and encourage their subordinates to respect it. Twenty-six percent consider that a large proportion of their managers do not put the family-friendly culture into practice. The remaining 61% is split between companies in which a minority of managers set a good example (42%) and those in which a majority do so (19%).

- *Strategy.* In almost one-third of the companies studied (31%), family-responsible initiatives are not on the agenda. In 36% they are on the agenda, but have been implemented only in isolated cases. Only 22% of the companies have policies in place that are regularly reviewed and widely used by employees.
- Turning to the budget for implementing a work-life program, we find that nearly half of the companies (49%) have not allocated any resources to policy development. Twenty-nine percent have an informal budget for work-life programs, while 6% formally allocate funds to this purpose. In almost 16% of the companies the budget provides sufficient resources each year to introduce new family-responsible policies and practices.
- *Communication.* In 37% of the companies there is no communication on work-life issues, and only 11% hold information sessions that are open to all employees. The most commonly used communication channel (52%) is internal, through notice boards, intranet, newsletters, etc.
- *Responsibility.* In 35% of the companies surveyed there is no group or person with responsibility for work-life issues, while in 38% there is a part-time coordinator. Twenty-seven percent have a team or person specifically to organize the work-life program.

Culture

- The most common *inhibitors* of family-responsible working in Spanish companies are the workaholic culture (64%), having to take work home (54%), international careers (52%), the idea that employees who take advantage of work-life policies lack commitment (52%), and the assumption that rejecting promotion or a transfer will jeopardize a person's career in the company (52%).
- The *drivers* of family-responsible working are, principally, the acceptance that family comes first (96%), the fact that talking about the family is well regarded (95%), and family visits to the workplace (86%).

Lastly, we need to consider the main challenges facing companies in Spain.

Challenges

- The biggest challenge for Spanish companies, without question, is absenteeism (46%), followed by employees' lack of initiative (34%), lack of commitment (31%), and lateness to work (30%). In companies that are trying to be family-responsible and that therefore openly address work-life issues, we have seen absenteeism reduced by up to 30%.

Appendix 1

Transitions in the FRE model

Transition D to C	<p>A company at level D of development is best advised to start by introducing formal policies, so as to establish a framework for flexible working practices.</p> <p>This helps to convey the message that the company (or, at least, top management) believes in the need to reconcile work, family and personal life and is willing to allocate resources to the design and implementation of family-supportive policies.</p> <p>Drafting and instituting policies is a systematic improvement, but it is only the first step in an ongoing process. Becoming a flexible company calls for commitment, motivation and tenacity. Also, even if this first measure is, in a sense, a declaration of intent, it will not be worth the paper it is written on unless it is put into effect. These policies must continue to meet the needs of the people who work in the company.</p> <p>One of the first steps is to carefully assess the needs of the company and its employees. Of course, these needs will change over time, as people's priorities change at successive stages of their lives. The important thing is that the corporate initiatives and organizational climate respond appropriately to these changes.</p>
Transition C to B	<p>Having formal work-life policies is a vital first step toward becoming a family-responsible enterprise. But having policies does not mean that employees are aware of them or actually use them.</p> <p>Formal policies on their own cannot create a flexible environment that is compatible with personal interests. This requires the support of a certain corporate culture, which may be informal and need not necessarily be documented, but which must determine the corporate climate, the air that people breathe in the company on a daily basis, telling them what is accepted and what is not.</p> <p>The two strongest influences on corporate culture are employment practices and the behavior of managers and supervisors. To make the transition, therefore, we first need to identify the unhelpful, rigid practices that prevent employees from balancing family, work and personal life, and secure the commitment of a broad group of top and middle managers to support a work-life program.</p>
Transition B to A	<p>This last transition, from level B to level A, reinforces and consolidates previous initiatives aimed at making the company more family-responsible. Very likely it will have taken the company several years to reach this stage of development. Now it faces the biggest challenge: how to intensify its commitment to flexibility and work-life balance at all levels of the organization.</p> <p>This is the most advanced transition in the FRE model. It consists of moving beyond simply offering family-responsible policies and programs to creating a supportive, enriching culture that fosters the use of work-life policies which improve the balance between family and work responsibilities, without neglecting the need for leisure time.</p> <p>Once a company reaches level A, work-life policies are accepted and used throughout the organization. It is fully accepted that work-life balance creates a more satisfied and more committed workforce which performs better and is more productive.</p> <p>To reach level A, a company needs to have earned the support and commitment of a majority of its employees, those with family responsibilities and those without. All practices that hinder flexibility and work-life harmony must have been eliminated from daily operations. The company must have formal work-life policies and absolutely no constraints on using them.</p> <p>An understanding strategy, consistent leadership, effective communication and personal responsibility at all levels provide the foundation for a solid culture of support that informs all of the company's activities. Such a culture promotes individual initiative in the field of flexibility and family-responsible practices, so that any employee is free to put forward ideas that may help employees reconcile work with family and personal life. When employees see positive, tangible results, such as reduced absenteeism or a general sense of satisfaction, they recognize their own contribution to and support for family-responsible initiatives. The culture does not merely stimulate work-life harmony. Employees really believe in the value of a family-responsible workplace and get involved. This systematic enrichment is the foundation for ongoing development in both the formal and the informal organization.</p>

Appendix 2

Levels of the FRE model

	Description - Level D
Policies	Very few formal policies in place to support the reconciliation of work, family and personal life.
Facilitating factors	<p><i>Communication.</i> Very little communication on work-life issues.</p> <p><i>Strategy.</i> Work-life balance is not formally a part of the company's overall strategy or mission, nor there is a budget for it.</p> <p><i>Leadership.</i> Top management shows little interest. Work-family conflict is ignored and there is very little support for flexibility or work-life policies.</p> <p><i>Responsibility.</i> There is no clear commitment to improve work-life balance; no work-life responsibilities have been assigned.</p>
Culture	Various practices in the organization prevent people from balancing their family, professional and personal responsibilities.
	Description - Level C
Policies	A few policies are in place to support work-life balance. However, these policies are not fully accepted by the workforce. Resources have been allocated to study new policies.
Facilitating factors	<p><i>Communication.</i> There is some communication on work-life issues, but very little at the lower levels of the organization. The perceptions of managers at different levels may vary.</p> <p><i>Strategy.</i> Reconciliation of work and family life is on top management's agenda, but has not yet been formally written into the company's overall strategy and mission. Limited resources are allocated to developing work-life policies.</p> <p><i>Leadership.</i> Top management promotes the issue, but there is little impact on everyday practices in the company. Managers are aware of work-family conflict and genuinely believe that improvements are needed. Even so, there is no formal commitment.</p> <p><i>Responsibility.</i> No formal responsibility for work-life issues has been assigned, although upper management shows concern.</p>
Culture	Certain polluting practices persist at most of the levels of the organization.

	Description - Level B
Policies	Most of the core policies are in place and are broadly accepted.
Facilitating factors	<p><i>Communication.</i> Policies and practices supporting work-life balance are thoroughly understood and internalized. There is still some confusion as to the availability of work-life options.</p> <p><i>Strategy.</i> Various support services are available to employees who have family responsibilities, demonstrating the company's commitment to developing such initiatives. Time and money are devoted to making improvements in this area.</p> <p><i>Leadership.</i> A significant number of managers at different levels of the organization wholeheartedly accept work-life responsibilities and foster practices that allow people to balance their lives. Work-life issues may be included in performance assessments. There is a firm belief throughout most of the organization that a healthy balance between work, family and personal life will result in a more satisfied workforce.</p> <p><i>Responsibility.</i> Formal responsibilities have been assigned, and there is greater involvement with work-life issues throughout most of the organization.</p>
Culture	Rigid practices that hinder the reconciliation of working, family and personal life persist in some areas of the organization.

	Description - Level A
Policies	Policies are fully implemented, understood and accepted and are communicated effectively throughout the organization.
Facilitating factors	<p><i>Communication.</i> There is open and honest discussion of the issue at all levels of the organization.</p> <p><i>Strategy.</i> The reconciliation of work, family and personal life is fully integrated in the corporate mission and is implemented as part of the competitive strategy at all levels. Sufficient resources are allocated to the development of new initiatives.</p> <p><i>Leadership.</i> Managers at all levels fully understand their subordinates' changing work-family needs. Reconciliation of work and family life is included in performance assessments of management staff. Individual choice in balancing professional, personal and family life is respected.</p> <p><i>Responsibility.</i> Everybody (whether they have family responsibilities or not) accepts responsibility for promoting improvements in this area, so as to create an atmosphere of support and solidarity for all employees.</p>
Culture	Informal practices or policies help people reconcile their family and work responsibilities, without suffering any disadvantage (no restrictions on career prospects, no loss of benefits, etc.).