A FRAMEWORK FOR DEVELOPING A WORK/LIFE STRATEGY IN A MULTINATIONAL ENTERPRISE (MNE)
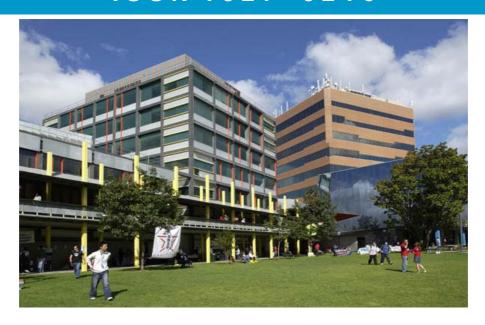
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Abstract

The paper presents a framework for building a global work/life strategy in a multinational enterprise (MNE). It is intended that the framework will be an important developmental guide for future global work/life management research and have important practical implications for MNEs, including identification of effective strategies for global work/life management.

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The difficulties of balancing work and family life are experienced all over the world. For multinational enterprises (MNEs), it is imperative to define a global work/life strategy that establishes shared principles and guidelines and also allows for local initiatives and differences. Although there are a number of common issues faced by working women and men and their families, a global work/life strategy needs to balance shared concerns with a course of action that is appropriate to each local environment. Global work/life needs assessments conducted by leading work/life consultants Shapiro and Noble (2001) have identified three surprisingly consistent themes in what employees from around the world identify as being important barriers to reconciling their work and personal lives. The three issues identified included a lack of flexible work policies and practices, the availability and affordability of dependent care, and the negative impact of work overload and long working hours.

Although such issues are increasingly recognised as important for employers and employees in the global context, there has been very little research focused on this area. The aim of this paper is to develop a framework for building a global work/life strategy in multinational enterprise (MNE).

Michaels (1995) identifies that although many US corporations have been leaders in developing work/family programs there is much to be gained by comparing how other countries' values, policies and programs address work/family issues; in particular the role of additional change agents such as unions, agencies and governments. Korabik, Lero and Ayman (2003) distinguish two different approaches to work-family research that has been carried out globally: micro- and macro-level approaches. First, the micro-level approach emanating mostly from North America has focussed mainly on workplaces and the business case for developing more effective management approaches to reducing work-family conflict. Second, the macro-level approach has derived mainly from Europe and has identified the critical importance of public policies in relation to expectations about men and women's roles and employment supportive policies such as paid parental leave and benefits. Despite the potential interactions between micro-and macro-level approaches to work-family issues, the extant literature has overlooked any integration of these two approaches. The implication is that there is an opening in the work-family research literature to draw on both micro- and macro-level work-family approaches in considering work/life issues from a global perspective.

Perry-Smith and Blum (2000) concluded that the strategic human resource management (SHRM) literature, which is largely dominated by US-focused research, has included the presentation of numerous strategic HRM models, yet all of the models have noticeably excluded work-family policies from the list of individual HRM practices.

Leading scholars in SHRM have raised awareness of the constraints and challenges for SHRM in a global context (McWilliams, Van Fleet, & Wright, 2001; also see Dowling, 1999) for a comprehensive overview of the development of the field of strategic international HRM). However, there has been no real attention given to work/life balance as a concern for SHRM in a global context. If there has been any attention to matters that might be viewed as related to work/life issues, such attention has been limited to expatriate management matters (e.g. see Lazarova & Caligiuri, 2001). Even when expatriate management researchers have taken a more strategic approach to HRM in a global context, work-family policies remain noticeably excluded (e.g. see Stroh & Caligiuri, 1998).

Globalization of business requires managers to face many complex HR issues and sometimes conflicting pressures for global integration and local differentiation (Schuler, Dowling, & De Cieri, 1993). In the globalized economy, organizations increasingly derive value from human resources, or 'human capital'. Mehra, Kilduff and Brass, (1998) refer to human capital as the knowledge and skills of the workforce. Human capital is the broad term that includes all resources contained

within the workforce. For MNEs, there are specific and unique challenges related to the development of human capital, as part of a strategic approach to HR, as attracting and retaining the human capital required to implement a global strategy is of critical importance to the organization's long-term survival (Stroh & Caligiuri, 1998).

According to McWilliams et al. (2001) the focus of SHRM is that human resource practices need to be a source of competitive advantage. Part of the strategy to achieve this is to attract and retain individuals who possess higher quality human capital. Research conducted by the Boston College *Center for Work and Family* found that there is a link between family friendly work policies and programs promoting corporate community involvement and becoming an "employer of choice". McWilliams et al. (2001) also identify the need for managers to develop trans-national human resource systems that take advantage of the recruiting and utilisation opportunities that arise from having access to multiple human resource pools.

Haas, Hwang, and Russell (2000) have conducted analyses in a broad range of cultural contexts and summarise the broad commonality in arguments supporting the potential benefits that can accrue to organizations who implement work/life practices and policies. First, work/life practices can provide an incentive to increase motivation and commitment and thus achieve higher levels of productivity from the current labour pool. Second, these practices can be part of strategy that supports attracting and retaining the best quality people. Third, an effective work/life strategy can enable the best quality people to advance in the organization. For example, it has been recognised that barriers to women include having to take time out for dependent care responsibilities and a lack of flexibility in career structures. Finally, companies can obtain community recognition by being seen as a 'good' corporate citizen or caring organization.

Thompson and Richter (1998) refer to global HR strategies as those that accommodate national cultural differences while preserving work culture principles that encourage people to effectively execute the global strategy. The paradox of "think globally, act locally" is a dilemma facing HR professionals working in MNEs facing unprecedented levels of global mergers, acquisitions and international growth. When a business becomes global it means that the increasingly more complex set of business strategies require new HR strategies to be implemented across a broad range of cultures. The aim of this paper is to fill this gap by proposing a framework for companies to use when developing a global work/life strategy that balances global integration and local responsiveness.

We propose that the development of a sound global work/life strategy can enable an organization to retain higher levels of human capital relative to its competitors by becoming an "employer of choice". This is consistent with Shapiro and Noble's (2001) contention that a focus on work/life issues can be used as an effective avenue for understanding and sensitively managing a globally diverse workforce and also assist HR professionals to develop cultural sensitivity in local contexts.

CHALLENGES FOR A GLOBAL WORK/LIFE STRATEGY

Dowling (1988) has argued that the complexity of global HRM can be attributed to six factors which differentiate international from domestic (single-country) HRM. Two of these factors are particularly applicable to work/life strategies. The first factor concerns the problem of designing and administering programs for more than one national group of employees and the need to adapt and change in light of new responsibilities as the organisation matures.

For example, the global compensation policies will need to incorporate sensitivity to national differences in compensation levels, expectations about work/life strategies and benefits, and taxation conditions. In addition, the types of international assignments may also vary across global operations, to include not only expatriation but also global team projects, short-term and virtual assignments (Roberts, Kossek, & Ozeki, 1998). Hence, employees' needs and demands for various work/life strategies will vary.

The second factor is that several major external variables influence HRM and thus work/life strategies in a global context, such as the type of government, the state of the economy, and the generally accepted practices of doing business and living in each of the various host countries in which an organization operates. For example, an HR manager in a foreign subsidiary may become involved in administering work/life strategies and other benefits either provided or financed by the organization, such as housing, education, and other facilities not readily available in the local economy (see, for example, Zhu, 1997).

Local Influences on Work/Life Strategies

It is important to recognise that, just as HRM strategies will have local variations depending on laws and customs of different countries, so will work/life strategies. Developing a global work/life strategy can positively contribute to organizational outcomes. An understanding of the organizational outcomes associated with developing effective work/life strategies in a transnational company is imperative in order to direct the focus of work/life initiatives.

Vincola (1998) argues that in order to offer benefits and programs that are meaningful to a global workforce, companies must assess work/life issues from the perspective of their employees' social, cultural and national context. Hence the building of an effective global work/life strategy requires an organization to be cognizant of a number of local factors that influence their work and personal lives. According to Spinks (2003) these factors include the culture and tradition, the role of key stakeholders, public policies, community resources and infrastructure, and workplace practices and demographics.

Culture and traditions
Meyerson and Martin (1987) identified the differentiation perspective of cultural change and argued that organizations are reflections and amalgamations of surrounding cultures, including national, occupational, and ethnic cultures. In developing a global work/life strategy there are particular cultural factors that are critical to the development of a culturally sensitive work/life strategy. These include the role of women in society, the role of religion and the faith community, traditional family structures and support, and gender roles.

Global organizations operate in countries where there are vast variations in cultural characteristics (e.g. social values such as individualism/collectivism, masculinity/femininity, and gender egalitarianism) (Hofstede, 1980). National cultures are not easily reduced to similarities across a small number of dimensions and differences may be more important than similarities.

The role of key stakeholders
Societies vary in relation to the legitimate role given to key stakeholders such as the state and organized labour. The term 'stakeholder', introduced in 1963 (Slinger, 2000), has been defined as "those groups without whose support the organisation would cease to exist" and originally included shareowners, employees, customers, lenders and society (Freeman, 1984: 31-32). The stakeholder concept has become widely used in recent years, due to factors such as increased public interest and concern about corporate governance (for a review of stakeholder theory and its relevance to HRM, see Greenwood & De Cieri, forthcoming). The role of the state in family factors, the role of the state in employment and the role of unions in determining desirable benefits all influence a society's approach to work/life balance issues.

Public policies
Public policy has been defined as actions, which employ government authority to support preferred community values. Public policies involve the exercise of power and are a central way that societies respond to major social, economic, environmental and political issues. In particular, employment legislation that covers conditions related to hours of work, vacation, minimum wages, and maternity and parental leave conditions have particular ramifications for a global work/life strategy.

Community infrastructure

Countries also vary in terms of the community resources and infrastructure that are available to support employed persons' ability to manage their work and personal life effectively. Factors such as healthcare, homecare, childcare and parenting supports, eldercare and care giving supports, supports for persons with special needs, education and employment and training will influence the necessity for organizational involvement in some areas (Sheridan & Conway, 2001).

Demography

Finally, issues concerning workplace characteristics such as workplace demographics and practices covering working hours, vacation days, sick days, leaves, and return to work supports will also influence work/life practices for employees in organizations (Eaton, 2003; Patrickson & Hartmann, 2001).

A FRAMEWORK FOR BUILDING A GLOBAL WORK/LIFE STRATEGY

According to the Canadian Workplaces website "Work/life balance is about creating supportive, healthy work environments for employees who are striving to better integrate their work and personal responsibilities" (Human Resources Development Canada 2002). Consistent with this objective, global work/life efforts need to be strategically connected to diversity, performance management and other business objectives.

Lobel and Faught (1996) identified four basic approaches to evaluating work/life initiatives: (1) the *human cost approach* which focuses on savings associated with reduced labor costs, (2) the *human-investment approach* which attempts to document the long-term financial benefits related to work/life initiatives (e.g. recruitment, retention, morale, productivity), (3) the *stakeholder approach* that considers the benefits gained by members of stakeholder groups including not only employers and employees but other stakeholders such as customers and unions, and (4) the *strategy approach* which assesses the extent that work/life initiatives facilitate the achieving of the organization's business strategies. The *strategy approach* is the most relevant framework to apply to developing a global perspective of work/life strategy because it focuses on how work/life supports can strengthen and support broad business strategies such as globalization.

Drawing from the literature reviewed above, Figure 1 attempts to summarize the key relationships between the SHRM objectives of an organization and the link to building a strategic approach to global work/life issues. The proposed framework predicts that the global or corporate work/life strategy will be influenced by its own set of cultures, traditions, public policies which impinge on 'Head Office' or the impact of the demographics and stakeholders of the whole of the organisation. This set of factors influences the work/life strategy of the global organisation which in turn influences the policy that is presented to the local organisation. In addition, the framework identifies how the local influences and the factors within the global organisation produce the local organisational culture, which in turn produces its own work/life strategies appropriate to its local organisation. The framework also reflects that the organisation itself influences public policy and local culture as well as being influenced by these factors. This feedback loop is included in Figure 1, as is a feedback loop to indicate that local organisations can influence the global organisation's work/life strategy.

Figure 1 about here

Proposed Research Method

As this is a new area of research, an exploratory case study methodology has been chosen as the means of guiding the researchers "to understand specific phenomena and develop theory"

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(Alvesson 2003). We note that Yin (1994) has concluded that case studies are the preferred approach when the researcher has little control over participants or events and when the focus is on a contemporary phenomenon within some real life context. Hence, given that the central research objective is exploratory in nature, and that this research project focuses exclusively on organisations, future research to test the framework (Figure 1) is suited to a case study approach (Patton, 2002;Yin, 2003; Zikmund, 2000).

Exploratory case studies will be conducted in three MNEs operating in Australia. Semi-structured interviews will be conducted with managers responsible for work/life and global HR management in Australia and at MNE locations worldwide. Before each interview, participants will be sent a letter describing the purpose of the research, the process of participation, a set of questions that the interview would explore some examples of work/life practices, and an ethics consent form. The questions to be addressed:

- The organisation's business objectives and priorities related to strategic development of human capital, how these objectives were described in policies and how they were monitored; whether diversity, flexibility and dependent care was addressed in policy

- How work/life policies were determined; which stakeholders influenced the policies; did the policies derive from the corporate office or were they developed locally; were the policies adjusted due to local influences and if so, by whom

- Times when the organisational culture and the national culture come into conflict concerning work/life issues

- National or government policies which are different from organisational policy; how these differences are resolved

- Availability of community infrastructure to support the work/life policies

CONCLUSION

Clearly, the framework needs to be tested in a range of MNEs, preferably some known to have strong global commitment to work/life strategy as well as some others with lesser global focus. In addition, different regions should be examined, particularly those with a non-Western approach to these issues. However, the development of the framework has been useful in refining the concepts and ideas of how the local influences of the local macro environment effect the local organisation and how this is incorporated into the global strategy.

Work/life issues can be used as an avenue for understanding and sensitively managing a global and diverse workforce and in this sense provides the opportunity to be a source of competitive advantage. There is no perfect, one-size fits all strategy to strive for. To be effective and successful, a global work/life strategy needs to be strategically connected to diversity, performance management and other business objectives and to also be able to provide unique and local solutions within the framework of an overarching policy linked to business objectives. The framework proposed in this paper attempts to identify the key factors that are important in developing a global work/life strategy and link this to a "business benefits" approach to work/life policies. The greatest impact of a successful global work/life strategy is likely to come from creating a flexible culture that is respectful of people's time, diversity, and personal lives.

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Figure 1. A Framework for Building a Global Work/Life Strategy

Modified Model

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┌──────────────────────────────────┐
│ Business Objectives & Priorities │
└──────────────────────────────────┘
              │
              ▼
┌──────────────────────────────────┐
│ Strategic Development of Human Capital │
└──────────────────────────────────┘
              │
              ▼
        ┌──────────────┐
        │ Diversity Focus │
        └──────────────┘
              │
              ▼
┌──────────────────────────────────────┐      ┌──────────────────────────────────────────┐
│ Corporate / Global Work / Life Strategy │    │ Global Influences on Work / Life Strategies │
│                                        │      │                                            │
│ Organisational Culture  Flexibility   │      │ Culture &      Public      Demography &    │
│ parent company          Dependent     │      │ Traditions     Policy      Stakeholders    │
│                         Care           │      └────────────────────────────────────────────┘
└──────────────────────────────────────┘      ┌──────────────────────────────────────────┐
              │                                 │ Local Influences on Work / Life Strategies │
              ▼                                 │                                            │
        ┌──────────────────────┐                │ National       Public                      │
        │ Local Organisational Culture │        │ Culture &      Policy      Demography      │
        └──────────────────────┘                │ Traditions                                 │
              │                                 │        Stake        Community               │
              ▼                                 │        holders      Infrastructure          │
┌──────────────────────────────────────┐      └────────────────────────────────────────────┘
│ Local  Organisation Work / Life Strategy │
│                                        │
│ Organisation        Flexibility    Dependent │
│ Demography                         Care    │
│      Workplace Practices               │
└──────────────────────────────────────┘
              │
              ▼
┌──────────────────────────────────┐
│ High Performing Workforce        │
└──────────────────────────────────┘
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