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Flexible Work Strategies Enhance U.S. Business Success, But Case-by-Case Application Still the Norm

With the U.S. business community facing the growing problems of attracting and retaining qualified workers, flexible work strategies continue to provide a solution benefiting employees and contributing to long-term business success. Still, while business executives say they view flexibility as a strategic solution to workplace issues, they report that their companies in practice use flexible work strategies as a way to accommodate individuals on a case-by-case basis.

That's one of the key findings in a study sponsored by the Alfred P. Sloan Foundation and conducted by Corporate Voices for Working Families, the national business membership organization representing the private-sector voice in the dialogue on public-policy issues related to working families. For the study, Harris Interactive between September and December 2007 conducted phone interviews with 150 executives at Fortune 1,000 companies.

"Despite the proven benefits of flexible work strategies, there remains the opportunity to continue to demonstrate to senior management that flexibility should be viewed as more than an accommodation that only helps individual employees," said Donna Klein, president and founder, Corporate Voices for Working Families. "Businesses need to look at flexibility as a driver of financial performance and long-term success."

Key findings in the study include:

- Respondents reported an overwhelming positive experience with flexible work strategies.
- More then 75 percent of the business executives interviewed define flexible work strategies as an alternate time or location arrangement; for instance, a nonstandard 40-hour workweek or working from home.
- The respondents, by a ratio of 9-to-1, report that flexible work strategies positively affect organizations to reach business goals.
- However, in practice, the respondents said the primary reason that their organization provided flexibility was to help employees achieve a better balance between work and family and that various accommodations were made available to some employees on a case-by-case basis.
- From the standpoint of their organizations, those interviewed said flexible work strategies are not recognized as being the most important contributor to attracting and retaining qualified employees or for being the most effective option for driving business results.
- Very few of the businesses represented in the survey offer flexible work strategies as a recruiting tool; none view flexibility as a way to save money.

This builds on research conducted by Corporate Voices for Working Families in 2005 that examined flexible work strategies implemented by many of its 50-member companies.

www.cvworkingfamilies.org

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Global Approach to Compensation for Executives Common; Other Levels Left Out

Although multinational organizations are striving to globalize their compensation practices for all levels, less than half have predominantly global programs, according to a recent survey. However, it appears that a global approach has already caught on in terms of executive pay.

Mercer's *Global Compensation Strategy and Administration Survey* reports just 45 percent of participating organizations take an almost exclusively global approach to compensation design, while the majority continue to take a local (39 percent) or regional (16 percent) approach.

According to Mercer, the development of global compensation programs starts with an overall global compensation strategy. While the vast majority of responding organizations (84 percent) have established a global compensation strategy for their executive-level employees, much fewer have done the same for other employer groups, continuing to define their compensation strategies at the local or regional level. Slightly more than half of the organizations (53 percent) have specific global compensation strategies in place for their managers, while just less than a third (30 percent) have global strategies for professionals, and slightly more than a quarter (26 percent) for sales employees.

The survey includes responses from 168 multinational companies based primarily in the United States and Europe. Spanning a variety of industries, these companies have an average of 20,000 employees and revenues between $1 billion and $5 billion.

"While the majority of global compensation programs are for executives and defined at the corporate level, strategies for other employee groups are often determined regionally or locally," said Darrell Cira, principal with Mercer's human capital consulting business in Philadelphia and global leader of the study.

"However, this trend is changing rapidly, especially among U.S. multinationals. As these employers continue to focus on facilitating talent mobility and reinforcing common organizational cultures and values over the next two years, they will need to globalize pay programs for their management and professionals."

According to Mercer's survey, more than half of all participating companies have global strategies for managers; however, nearly a third more U.S. companies have them than European ones.

"It's clear that the biggest difference between U.S. and European organizations with regard to global pay programs is at the management level," said Philip van Elsdingen, principal with Mercer's human capital consulting business in Amsterdam and European leader of the study.

"European companies are less likely than U.S. companies to develop global strategies below the executive level because of a greater sensitivity to the potential barriers associated with implementing a common approach."

Global Compensation Continuum

Defining a global compensation strategy is just the first step in developing an effective global compensation program. The next step involves restructuring the HR function so that the compensation programs can be administered in a more centralized way. Mercer's survey shows just 36 percent of responding organizations have centralized administration of their global compensation programs.

The survey also shows that many multinational organizations are not following the best practice for designing a global compensation strategy.

"Many are implementing global incentive plan and performance management system programs before implementing key elements of the compensation infrastructure," Cira said. "U.S. companies in particular seem to be pushing global programs further down in the organization without questioning the need or value to do so. Ideally, organizations should put the infrastructure in place before pay delivery in order to make sound and transparent decisions about compensation."

www.mercer.com

Bribery Leads List of Compliance Concerns

A study on the top 12 corporate compliance concerns faced by global companies indicates that, for the first time, anti-bribery topped the list of crucial concerns addressed by corporate America.

Joining anti-bribery at the top of the list are concerns about records management and antitrust contact with competitors. Concerns that appeared on the 2006 list, but fell off the list in 2007 confidentiality, insider trading, Sarbanes Oxley and business controls, and workplace violence.

Rounding out the list of the top dozen concerns are:

- Mutual respect
- Privacy
- Financial integrity
- Conflicts of interest and gifts
- Careful communication
- Proper use of computers
- Information security
- Export controls
- Product safety and liability.

Integrity Interactive Corp., a company working with global corporations to manage and reduce the risk of compliance failures, developed the survey. The study analyzed the compliance-training records of more than 2.8 million employees, from more than 400 companies, who completed online ethics and compliance courses chosen from a list of more than 150 topics. The companies surveyed operate globally and fall into three size categories: mid-sized (1,000 to 10,000 employees), large (10,000 to 90,000 employees); and very large (more than 90,000 employees).

"From tainted meat recalls, bribing foreign officials or lead paint in toys, to the theft of corporate intellectual property or data breaches at mainstream retailers, there is a never-ending list of issues which today's executive must worry about," said Richard J. Cellini, a vice president at Integrity Interactive. "Integrity's research confirms that companies take ethics and compliance matters seriously and understand that one of the best ways to remain scandal-free is to implement quality training of employees and suppliers."

www.integrity-interactive.com

CEO Bonuses Down

A study of 108 companies with revenues over $1 billion and fiscal years ending on or after Aug. 31, 2007, finds that the median CEO bonus declined by 4.5 percent from 2006 to 2007.

For the same executives, bonuses had increased by 27.1 percent from 2005 to 2006, according to Equilar's latest issue of *Executive Compensation Trends*.

Key findings also reveal that among the sample group, 38 percent of CEOs received a smaller bonus in 2007 than in the prior year. From 2005 to 2006, the prevalence of CEOs receiving a smaller bonus than the year before was 28.7 percent.

In fiscal year 2006, 17.2 percent of Fortune 100 companies disclosed that their CEO is entitled to receive death benefits. Likewise, 16.1 percent of named executive officers (NEOs) are in line to receive similar payments. Death benefits are defined as termination payments triggered by death. Typically these payments are structured in a similar fashion to severance and change-in-control benefits where basic payments are set as a multiple of base salary and/or bonus. For the same group, 39.8 percent of CEOs and 40.8 percent of NEOs are eligible to receive life insurance.

www.equilar.com