

Let Workers Work

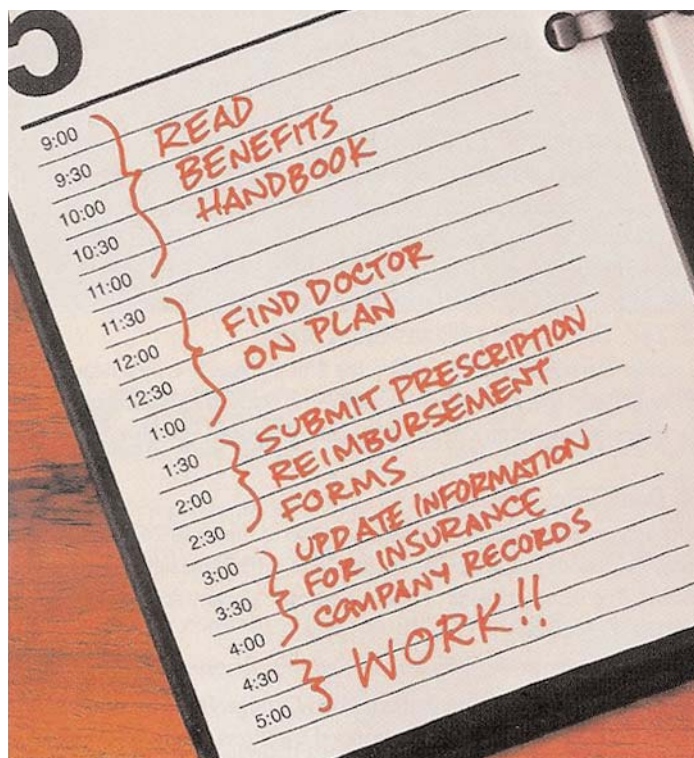
Why it makes business sense for companies to help their employees with the chores of life.

In these difficult economic times, lots of companies are cutting benefits to maintain profits. So when *Fortune* magazine recently published its list of the “100 best companies to work for,” I couldn’t help but notice that lots of these companies are maintaining or even improving benefits such as medical care, onsite child care, fitness facilities, and so forth. Moreover, it turns out that firms that have made the list in the past have on average also done well in the stock market, outperforming benchmarks such as the S&P 500 and the Russell 3,000. So they must be doing something right. Are those on the list compiled by *Fortune* (owned by the same corporate parent as this magazine) simply examples of successful companies that can afford to be nice? Or is there some link between generous benefits and an organization’s performance? Obviously, there is a link, and sadly,

most CEOs and top executives don’t have a clue how important that link is. For starters, it seems perfectly sensible that companies with generous benefits and employee friendly policies can attract a more motivated, higher-quality work-force. But there is another, more important issue here: We’re working our employees to the bone with all sorts of tasks unrelated to their jobs.

Consider health care and health insurance. In an effort to control rising medical costs, many companies are experimenting with insurance plans that make employees more “cost-conscious” by having them take an active role in their health care.

For example, Definity Health, a recent entrant in the health-care-plan business, supplies consumers with loads of information that it claims “empowers employees with greater control over health and wellness decisions,” thus limiting costs to employers. The typical Definity Health plan, in fact, carries a high deductible to encourage patients to become cost-con-



scious health-care shoppers.

What’s wrong with greater employee involvement and cost-consciousness? Nothing, unless you think about the inevitable trade-offs in a worker’s time and attention. Having individual employees more actively manage their medical benefits – and, for that matter, 401(k) and even flexible spending account s-



BY JEFFREY PFEFFER

looks the advantages of specialization and the division of labor. Do you really want your people spending their time becoming medical or financial experts, all while they’re also engaged in a constant hunt to find quality child care? Wouldn’t it be

nice – and maybe even efficient – if someone with both knowledge and your employees’ best interest in mind relieved them of those burdens?

Clearly, some companies are beginning to realize that this is a problem. Health Advocate, a firm that launched in January 2002, charges companies about \$2 a month per employee to help their people deal with their health insurers. It has already signed up 122 firms.

Companies that successfully capture the motivation and energy of their workers – and appear on *Fortune*’s list – operate under a simple premise: Remove from employees as many extraneous burdens and worries as

possible. When their folks are at work, in other words, they want them to focus their energy on being productive. Here’s a novel thought: Most employees want the same thing.

Business 2.0 columnist Jeffrey Pfeffer is the Thomas D. Dee II Professor of Organizational Behavior at Stanford University’s Graduate School of Business.