

Your Royal Highness, Honorable Minister of Equality, IESE Director in Madrid, Professors, Conference attendees, friends.

It gives me great satisfaction that IESE's 50th anniversary is marked by this conference, in which we will give in-depth consideration to a topic that has been integral to this institution's mission since it was founded and is also one of the great issues of our time: the humanization of business through work-family balance.

The company is a key institution for the advancement of society, and business executives enjoy a privileged position as driving forces bringing about the change which society needs in order to achieve financial, human and social sustainability.

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

Their Majesties and Royal Highnesses have always been interested in social and business matters, as with anything affecting Spanish families. In 2003, H.R.H. Prince Felipe visited the IESE campus in Barcelona. In the meeting he held with members of the Board and faculty he expressed specific interest in the environment and ecology as an area in which enterprise has a lot to say and contribute. At that time, we were already able to point to some of our research into work, family and personal conciliation as an essential requirement if human ecology is to be preserved.

It can be deduced from our research that business, family and society are three vertices of a triangle in continual evolution. They are three interdependent areas at the center of which is the person, who acquires more or less maturity with each

decision he or she makes and every experience he or she encounters in each of the different areas. Stable families and family-responsible companies are essential if society is to be humanized and necessary and sustainable wealth in financial, human and social capital is to be built.

In 1999, we coined the term “Family-Responsible Enterprise” to overcome the "family-friendly company” term and to emphasize that it is not merely a matter of being friendly towards the employee’s family, but of reacting to their changing needs at different stages of life. Our goal was for the employee's family -that new company stakeholder- not to be engulfed in the concept of corporate social responsibility which at that time related mostly to external social responsibility, such as the fight against child labor in the Third World and the pollution of the environment, while ignoring internal social responsibility; in other words, employees and their families.

For many decades, companies were unconcerned about their impact on the environment, lacking any awareness that planet Earth was being damaged and destroyed. Many years were to pass before we began to learn and understand the multiple noxious effects that would result from not protecting our environment.

This has now changed. Regulations, quality certifications and legislation have made companies aware of their environmental responsibility and the need to secure our planet's natural resources for our and future generations’ use. Companies that pollute the world’s atmosphere or rivers have to pay fines which serve to repair some of the damage done, for example, by building fish farms to help keep rivers well-stocked.

Just as in the past we were unaware of the external impact of industry on the environment, with some minor differences now many companies ignore the fact

that they are destroying human ecology, polluting their own organizations and society with practices which harm and dehumanize, when they do not allow their employees to play their roles as husbands, fathers, wives and mothers. This weakens the family, that natural habitat of every human being, the only “human factory” that generates human and social capital.

Our Western society is living through a harsh winter, demographically speaking. For decades now, the birth rate index has been far below 2.1 children per woman of childbearing age, which is the minimum replacement rate. The lack of children will result in fewer producers and consumers, and in a worst case scenario, the crumbling of society. This demographic winter is linked to women joining the workforce in large numbers, only to find themselves with rigid companies built by and for men in the 20th Century. Back then, tasks in the home were split, with women focused full-time on the home while men spent all their working hours outside. Our current business environment does not help us be good fathers, mothers or spouses. That is the first key element.

The second key element can be seen positively, since this "female revolution" (in the good sense of the phrase) benefits men as well, since it enhances their return to the home. It is good for a woman to contribute her knowledge and values to society while not having to renounce being a wife and mother, which calls for differing levels of time allocation at various times. We are now at an impasse. Women are outside the home contributing their female vision, but men have not yet taken their skills, personalities and worldviews and become engaged as spouses, fathers,.. nor in sharing the responsibilities of the home. (I am referring, of course, to a sociological phenomenon, not to specific people. I am sure that there are many exceptions, and we would be guilty of being unfair in those cases.)

One of the main causes of this new environment is the prevailing individualistic culture which is directly responsible for a fragmented society afraid of commitment which leads straight to loneliness. Certain counter-values have been created which have emptied “culture” — self-cultivation, by its etymological definition — of its meaning. In addition, when family members lack the time to live together and develop their skills within the family unit, the result is a shortage of well-rounded people for business, people who can commit to medium and long-term projects.

Gary Becker, awarded the Nobel Prize in Economics, said in 1992 that the family is the best Ministry of Social Affairs. It is the net that holds people up when they are unemployed or face any type of problems. I take the liberty of adding that it is also the best Ministry of Equality, because all members are respected for who they are and all needs are met to develop their full potential. The family is where people's identities are forged, and trust — that vital element of markets and institutions — is created.

The family is the best environment for free, caring and generous exchange. It is there that a person is loved and accepted for what he or she is, for the mere fact of being alive. Relationships are essentially marked by affection and the tendency is for members to be forgiven, protected and taken care of even in situations where jobs, friends and health might fail. No social organization that can be designed can even get close. Our society is built on this basic nucleus of civic guarantees and this irreplaceable core of values. We should therefore look at the family with appreciation, and not only out of fear of the inversion of the age pyramid or a pension-less society. Along these lines, Ms. Zaborska, president of the European Parliament's Committee on Women's Rights and Gender Equality, has congratulated us for using the word “family,” rather than “private life,” in the title of this Conference.

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

This is why we must collectively re-think the way we organize our society and business, because the way we live now is simply unsustainable. With no time for family living, not only does the number of children decrease, but the figures of father and mother disappear and good habits are not developed. It is common today for families to have only one child or for children to have the latest technologies in their room, which they use, unrestricted, in an empty home. That’s where the new consumer culture paradigms slip in, by which “whatever I feel like” is equated to “what I need.” Focusing excessively on children’s physical needs and knowledge, giving them everything they want before they need it, has disastrous consequences. They become pampered tyrants who have not learned to share. Upon entering society and business, they are selfish, demanding prior to giving. Their résumés are technically impeccable, but as human beings they leave much to be desired.

Our society continues to entertain an individualistic outlook that leads to a partial analysis of problems. The symptoms are dealt with, but the root cause of the illness is nowhere in sight. Not taking the family into account weakens society and jeopardizes its future. The challenges facing our country are significant, and we will only meet them with a strong social cohesion which is born in the bosom of the family, the backbone of society.

Family and work are two mutually enriching spheres of human and professional development. But we must remember that work is instrumental to the family, not the other way around. Both men and women must work together to organize their home as their first enterprise, not only in their heads and hearts, but also in their daily agendas. Otherwise, since work is more demanding in terms of objectives, incentives and short-term penalties, and family is more flexible and understanding, it is ultimately the family that collapses. Work is like a gas that infiltrates through every crack we leave in our life. It ends up taking over unless we set up retaining walls. We must set aside time and energy to live life and build our home.

Another factor that contributes to the current environment of confusion is the **very concept of work**. Work in and of itself is a source of personal fulfillment and social interaction for everyone. However, the salary element is elevated to the level of being the only indicator of success: “you’re worth what you get paid.” We must get over this money-tinged perspective that only values what can be quantified and remunerated. This outlook has had great impact on the gradual devaluation of household and caretaking tasks, which are mostly priceless in monetary terms. This invisible yet real labor pool of domestic and caretaking work has a market value which, considering public accounts, would boost Spanish GDP by over 40 percent.

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

The male role has been historically tied to the function of family breadwinner, which has sometimes limited his development as husband and father in the home. Various studies suggest that women are not driven so much by a quest for self-fulfillment as a desire to stay afloat. This entails a shift for men, who generally play to win and work more aggressively. In ages past, a man's job was warcraft, and he worked with his horse and sword. Executives are the modern plane-riding, Palm-toting warriors, but the game is still the same. The first battle to be waged in the defense of society is the battle for its central backbone, the family, and to that end man must play his role within it.

Paternity leaves are in fact very positive, because they encourage men to enter the realm of the home, to experience it and enjoy it, deciding later with their wives what their respective tasks will be and how to go about them. This is a great opportunity for fathers themselves — more than for the babies — to get involved and be more engaged in family life.

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

If women were to be given a one-year maternity leave, as is the case in other European countries, the company would have to find a replacement. That first year is vital in the life of a child. It is when babies most need their mothers (or fathers, although neurologists state that the mother's presence is most beneficial; each family has its own needs and its own way to cope).

There have been cases in history where women have been discriminated against for being women. For example, the names of job titles were changed. The same post would be "cleaning lady" if done by woman and "maintenance technician" if done by a man. Both jobs involved the same tasks, but men would get paid more than women. These travesties needed to be abolished, but the real discrimination in companies, as all the research conducted at IESE proves time and time again, is related to motherhood, in other words, the fact of having children or being able to have them.

To make this task easier, we must rethink legislation from the point of view of families and their preferences. In research conducted in the U.K. by Professor Hakim into the preferences of women in the work/family dilemma, a third of women prefer not to work outside the home, a third prefers to work part-time and the other third prefers to work full-time. The family should be a cross-section consideration, and there should be a Ministry of Family dedicated exclusively to it, so that no matter what subject is considered — transportation, housing, markets — it can be approached in view of its advantages or disadvantages for the family. Government and business policies should therefore adjust to motherhood and fatherhood or, paradoxically, risk being unjust also for the rest of society. It is appropriate for legislation to side with women who wish to be mothers for their own good, as well as for the good of the father, the child, the company itself and society at large. It is a matter of overcoming the difficulties which mothers encounter so that they can contribute new life and new generations to society.

In this context, what becomes clear also is the urgent need for a **new business culture** governed by objectives and projects rather than hours "on the clock." This new culture hits the nail on the head in terms of our country's greatest work problem: the never-ending work shifts that do nothing to drive productivity, but

rather create new problems such as workaholism and burnout syndrome. The result is physical or emotional absenteeism and a lack of commitment. We can then speak of a new pollution, a social pollution which is more serious than the environmental sort for two reasons: firstly, because we are unable to recognize it as such; and secondly, because it affects the human being, which is the key piece for balance and progress in the ecosystem. We should all - companies, politicians and the media- work to achieve more reasonable schedules, in spite of the fear that can come from a paradigm shift. This requires a change in beliefs in those who have reached success on the basis of what I call a religious observance of schedules, because "they arrive when God ordains it and leave when God wills it." Companies will then start to become more balanced and family-responsible. There are several motives which might make them change.

On the one hand, the foremost problem of the Spanish company is talent search. The current high regard for social responsibility gives family-responsible companies a great image. A company wishing to hire and retain the best talent must offer flexibility, because the new generation is not like ours or our parents'. It does not want to be addicted or enslaved to work. As this demand for flexibility and work by objectives becomes the standard, companies will be forced to change. There are figures which indicate that new generations are much more aware of this issue. Eighty percent of master degree students at IESE look for companies who offer better continuous education opportunities and a balanced life rather than a big paycheck.

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

It is also a strategic issue because it contributes to people giving it their all. When a worker feels treated like a person and not like a resource (albeit a “human” resource) he gives his all, is more willing to adhere to the company's mission and becomes more creative. In fact, according to our latest research, when flexible, family-friendly measures are implemented, absenteeism, the second greatest problem in Spanish business, plummets by 30 percent. And we are referring to physical absenteeism, because emotional absenteeism, which is harder to quantify (workers are physically present but mentally elsewhere, wasting time), is also a huge invisible drain on companies.

With the goal of helping companies in this noble endeavor, IESE’s International Center for Work and Family created the International Family-Responsible Employer Index (IFREI), a measuring tool with which companies may analyze to what degree they are promoting enrichment or pollution in their internal and external environment. This research has also served to develop a certificate with the same name, backed by the Spanish Ministry of Labor and various good business practice guides sponsored by the Ministry of Labor of the Community of Madrid. The best strategy for changing our culture is no doubt to incentivate companies who promote work-family balance rather than penalize those who don't, because the facts show that "every law has its loophole."

Real change has to be internal, born out of conviction that conciliation makes sense. If it is only attempted by external force, laws generate rejection and become unwieldy, because they confine people and companies, paradoxically codifying flexibility into hard, fast rules. Many companies would find it impossible to apply these regulations of “coffee for everybody” on a daily basis across the board.

In this sense it is important that Public Administrations give more points in public tenders to companies who uphold good balancing policies, until this becomes just as indispensable for making business as quality ISO standards are today.

This Conference, honored by the presence of Her Royal Highness, aims to be a catalyst of our think tank to continue the quest for new solutions to this exciting challenge posed by modern society.

Thank you very much.

Dr. Nuria Chinchilla, Director of the International Center of Work and Family at IESE Business School.

June 12, 2008, Congress “Building Sustainable Societies,” Madrid