

## **Climate studies and associated best practices to improve climate issues in the workplace**

**Rekha Nair**  
**IBM**

**Abstract -** Workplace Climate represents the current state of the organization's culture. Climate changes that are sustained become culture changes. Therefore, when leaders develop and sustain practices that enhance the Organizational Climate, the organizational culture changes. One of the most important management challenges facing organizations today is the search for creative, flexible work environments that promote job satisfaction and innovation. In an era of fiscal restraint, downsizing, outsourcing and demands for increased productivity, along with the changing dynamics in the global workforce it is imperative to have a diverse workforce that is more flexible, creative and adept at handling changes. This challenge also creates an even greater need to develop an organizational climate that provides employees, especially women and minorities with opportunities at work that are personally meaningful and produces results that are valued and respected.

Research at IBM has shown the increasing importance of workplace climate on employee job satisfaction, creativity, motivation and retention. Specifically a recent study suggests that over 25% of the variance in business results may be directly attributable to variances in climate. Various surveys within the company have concluded that workforce climate attracts and retains talent, improves the employee perception, productivity and effectiveness and encourages creativity. This productivity then translates into results, i.e. growth in sales and earnings, return on sales, and lower employee turnover. This conclusion has led IBM to initiate various tools and best practices. For example, flexibility for workforce is considered a key competitive business asset at IBM. It helps IBM attract and retain critical and diverse talent and increase the effectiveness, focus and productivity. The increasing need for improving flexibility at work led IBM to establish a Global Flexibility and Mobility Standard that helps both employees and managers to establish a standard and hence make informed decisions about their employees and provide them with tools and opportunities to better perform their jobs.

Recognizing the importance of workplace climate, that eventually decides the success and failure of the organization has prompted IBM to make adjustments and set best practices which in turn has helped the organization to stay on top and become one of the major corporate in the world.

## Introduction

Organizations are facing overwhelming challenges including a shortage of talent, new flexible work patterns, an emphasis on work/life balance and how best to manage a diverse workforce. As the relationship between the workforce environment and business results have become more integrated, developing and sustaining the right conditions to allow a high performance climate to thrive has become a number one priority. A strong focus on enhancing employee performance needs to be at the top of every corporate agenda. Nurturing a positive workforce climate is no longer simply an attractive option; it is a business imperative. At IBM, since its early years, leaders have always emphasized the importance and need for a diverse, positive, trustworthy, and creative workplace climate and have over the years spawned numerous initiatives to monitor and improve the climate. This paper covers the various initiatives and best practices that IBM has undertaken to improve employee satisfaction, especially those affecting women and minorities.

## Definition of Climate

Climate is the aggregate perception of how employees feel about working in a particular unit. It includes all aspects of the environment that directly affect their ability to perform better. It helps them to be pro-active and effective in their jobs. Climate has a tangible effect on employees' motivation. A good working climate boosts employee morale, loyalty and productivity.

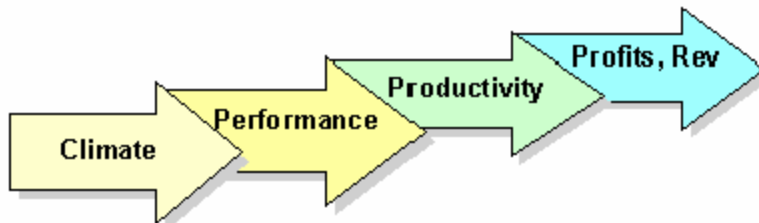
There are 6 different dimensions of climate (established by Hay Group):

Clarity	<ul style="list-style-type: none"><li>• Knowing what is expected from you</li><li>• Understanding how those expectations relate to the goals of the organization</li></ul>
Standards	<ul style="list-style-type: none"><li>• Emphasis that management puts on improving performance</li><li>• Degree to which challenging but attainable goals are set</li><li>• Extent to which mediocrity is not tolerated</li></ul>
Responsibility	<ul style="list-style-type: none"><li>• Feeling that you have authority delegated to you</li><li>• Feeling that you can do your job without being micro-managed</li><li>• Accountability</li></ul>
Flexibility	<ul style="list-style-type: none"><li>• Degree to which you feel there are no unnecessary rules or procedures</li><li>• Feeling that new ideas are easy to get accepted</li></ul>
Rewards	<ul style="list-style-type: none"><li>• Being recognized for good work</li><li>• Degree to which recognition is directly related to levels of performance</li></ul>
Team Commitment	<ul style="list-style-type: none"><li>• Feeling proud and expressing pride in belonging to the organization</li><li>• Trusting that everyone works towards a common objective</li><li>• Working positively together and cooperating across organizational structures</li></ul>

These six dimensions of organizational climate interact with each other to create a climate that influences the culture of the organization.

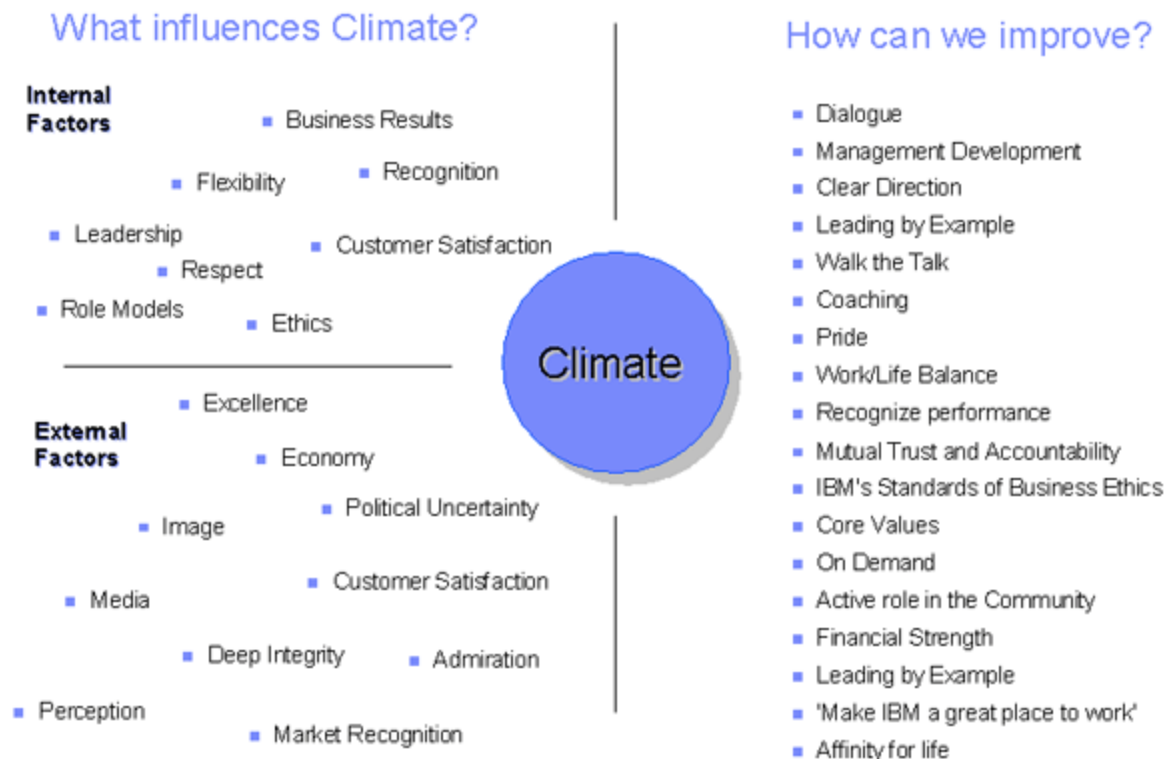
### Why is Climate important

Climate is a key contributor to business results: a motivated workforce will result in higher productivity, greater passion for the business, and a deeper engagement with customers. A positive climate within the organization will increase productivity and lower employee turnover. The more positive the climate, more significant and cost-effective the output of a work group will be.



### What influences Climate?

Unlike organizational culture, climate can change very quickly. As revealed by the graphic below, there are various internal and external factors that influence climate. The graphic also lists the climate improvement actions that can be taken.



## **Importance of Diversity in IBM**

As companies do more and more business around the world, having a diverse work force has become a business imperative. If companies are going to sell products and services globally, they need a rich mix of employees with varied perspectives and experiences. They need top executives who understand and respect the cultures of a variety of countries. They need executives around the world who intuitively understand the markets they are trying to penetrate.

Diversity at IBM is defined to be all-inclusive, encompassing not just race, gender, and physical abilities, but differences in culture, lifestyle, age, religion, economic status, sexual orientation, and marital status. IBM views workforce diversity as a “diversity house” founded on three pillars: equal opportunity, affirmative action, and work/life balancing programs. Equal opportunity is defined as non-discrimination and non-harassment, while affirmative action is intended not to provide an advantage, but to eliminate disadvantage and provide all groups a level playing field on which to compete.

The goal of IBM’s work/life programs is to allow employees to be productive and serve their customers while at the same time enable them to fulfill their personal and family needs. The strategy is divided into three parts: to refine and reform IBM’s work/life culture; to respond to employee needs for expanded flexibility in working hours and work delivery; and to support employees’ needs for child/elder care assistance throughout their lives. Traditionally, IBM has always been a great promoter for equal opportunity employment. But in 1995, IBM CEO Lou Gerstner launched a new diversity initiative based on the firm belief that the company could take better advantage of a diverse market for talent, and could create and extract more value from its diverse customer and employee base. The goal was to go beyond equal opportunity and try to understand and address all aspects of employee needs. To facilitate this initiative, a diversity task force was set up. The Task Force was aimed at better understanding its constituencies (the eight constituencies are: Asian, African American, Gay/Lesbian/Bi-Sexual/Transgender, Hispanic, Native American, People with Disabilities, and men and women). Each task force was comprised of 15-20 executives representing each of the corporation’s business segments and each task force was given the following tasks: define what their constituency requires to feel more welcomed and valued at IBM; define what they can do, in partnership with the company, to maximize productivity; and define what can be done to maximize the pursuit of business opportunities through the buying decisions of the constituency.

The task force made the following recommendations:

- Implement Employee Network Groups
- Develop a Regular Part-time Employment Category
- Integrate Work/life Balance Flexibility into the Business Process
- Enhance IBM’s focus in the Marketplace

IBM has since implemented many of the recommendations brought forth, including announcing the LifeWorks program, implementing a regular part-time employment program, and launching employee network groups and the Global Partnership for Work/Life, Flexibility, and Mobility. Since 1995, the number of IBM’s U.S.-born minority executives has more than tripled.

## **Advancement for Women in IBM**

IBM has always been acknowledged as a world leader in its commitment to women both in and out of the workplace. In 1934, three decades before the Equal Pay Act, IBM recruited its first

professional women, and IBM's Founder T.J. Watson Sr. promised women "the same kind of work for equal pay." IBM named its first woman vice-president in 1943. In 1956, 30 years before the Family and Medical Leave Act, IBM initiated a three-month Leave of Absence (LOA) program, which provided women with the opportunity to take time off after the birth of their child and then return to the workplace.

As the number of women entering the workforce increased continually and dramatically over the past two decades, so has IBM's commitment to understanding their needs and providing services that make it possible for them to be productive while fulfilling family and personal obligations. IBM offers a full range of flexible work schedules ranging from the ability to adjust start / stop times by up to two hours before or after normal start times, to compressed workweeks, to working at home.

IBM's effort to expand its understanding of the needs of women employees can be traced to 1972, when IBM CEO T. Vincent Learson hosted a one-day meeting on women's workplace issues in IBM. The pace accelerated in the 1980s as IBM witnessed a change in the demographics of its employees, in particular a dramatic upswing in women entering the work force. Employees increasingly cited quality child care as a crucial issue in their work and their lives. With the assistance of Boston-based child care experts Fran Rodgers and Gwen Morgan, IBM developed the IBM Child Care Resource & Referral Service, along with Work/Family Directions to manage the service for its employees. The initiative was launched in July 1984. This national service employed a toll-free 800 telephone number that all employees could call to reach a child care expert. Employees who needed referrals for local child care facilities were then put in touch with a local resource and referral agency in their own community that could provide referrals based on their specific needs and desires.

The infrastructure which IBM created is now used by over eight million employees in companies. The Women's Task Force was one of eight new IBM Diversity Executive Task Forces that was formed in 1995. The task force was IBM's development of a structure to address women business owners as a unique market segment with tailored communications and market strategy. Women business owners represent one of the fastest growing business segments in the U.S., as well as many other countries. A 2005 update provided by the Center for Women's Business Research(2005) indicates that nearly half (48%) of all privately-held U.S. firms are 50% or more women-owned, for a total of 10.6 million firms; and these firms employ 19.1 million people and generate nearly \$2.5 trillion in sales.(1)

Additionally, according to the Center for Women's Business Research, as of 2004, there are an estimated 1.4 million businesses owned by women of color in the U.S., employing more than 1.3 million people and generating \$147 billion in sales. Women of color own 36% of all firms owned by persons of color. Between 1997 and 2004, the number of privately-held firms majority-owned (51% or more) by women of color is estimated to have increased six times faster than the number of all U.S. firms (55% vs. 9%). IBM is focused on customizing marketing techniques, business solutions, and product offerings to meet the needs of women business owners & entrepreneurs.

In March of 1997, IBM initiated The Women in Technology Steering Committee to address topics related to IBM's relationship with women in technology both inside and outside the corporation. The committee represents technical women from across IBM including the research, software, engineering, manufacturing, consulting services and solutions organizations. The goals of the steering committee is to support the advancement and recognition of IBM's female technical talent, to attract and recruit more qualified technical women to IBM, to enhance IBM's image regarding women in technology, and to work with outside organizations to influence the decisions of girls and young women to pursue education and careers in science and technology. In 1998, the Women in Technology Steering Committee hosted a first ever IBM internal conference for 500 technical women. The second internal conference for over 700 IBM technical women from around the world was held in 2000. WIT conferences were held in 2002 and 2004 for IBM technical women from all over the world as well. The next Global WIT conference will be held this year in 2006. IBM created Women in Technology Campus Liaison Program which assigns technical IBM women as liaisons between the WIT focus at IBM and the women in science, engineering, and technology programs at their universities. These linkages have fostered communications, mentoring, and mutual participation in activities related to the retention of women in technical fields of study.

IBM has reached out to the long-term pipeline of future female technologists by focusing on middle school girls and keeping them interested in math, science, and technology. IBM facilitates volunteerism among employees to engage with young women and demonstrate that technology and engineering are fun and difference-making careers for women. Key programs supporting this initiative include National Engineers Week (NEW), the EXploring Interests in Technology and Engineering (EXITE) Camps, and the Global WIT Chapter workshops. IBM was the corporate chair of National Engineers Week 2001 and was instrumental in launching "Introduce a Girl to Engineering Day," marking the first time an individual profession has set aside a specific day annually for young women. More than 1300 IBM women were mobilized in 2004, reaching 91,000 girls during "Introduce a Girl to Engineering Day."

IBM has hosted camps for school-age girls entering seventh and eighth grades for the past eight summers to generate interest in mathematics and science, to provide young women with a better appreciation of career opportunities in technology fields, and to demonstrate to participants that they can be successful in those fields. Since 1999, the EXITE Camp program has reached over 3,000 young women around the world.

IBM has established 102 Women in Technology (WIT) chapters at IBM locations around the world. Through these chapters volunteers are provided turnkey materials and resources to offer 2-3 hour workshops at their local schools. The workshop provides female students with positive role models, gives them hands-on experience in science and math, demonstrates that engineering can be fun, and counsels them about promising career opportunities in technology. More than 31,000 young women have been reached through these workshops.

Over the years, IBM has received accolades and awards from various magazines and institutions for their effort in attracting and retaining women in the workforce. IBM was one of three companies featured in 1998 by Tom Peters as one of America's businesses "doing it right" on MacDonald Communications "Women in the Millennium" Satellite Broadcast. And IBM has

been recognized by Working Mother Magazine as one of the Top 10/100 Best Companies for Working Mothers since the inception of both awards (1987 and 1985 respectively). In 1995, Lou Gerstner, IBM CEO, was recognized as the Family Champion by Working Mother as well. Since 1998, IBM has been recognized by Working Woman Magazine/National Association for Female Executives (NAFE) as one of the Top 25 (now Top 30) Companies for Executive Women; and by Latina Style Magazine as one of the Top 50 Employers for Latinas since 1998. Also in 1999, IBM received the highest level of recognition for our family friendly workplace practices by the National Council of Women of the United States. In 2000, IBM was named as one of the winners of the prestigious 2000 Catalyst Award. (IBM is the only five time winner of this award.)

Today, women represent approximately 30 percent of IBM employees worldwide and account for over 24 percent of management. Women in executive positions in the U.S. have increased from less than 2 percent in 1980 to over 19% in 2005. Globally, women comprise 19 percent of the worldwide executive population (up from 11.5% at the end of 1995). While IBM is proud of what it has achieved so far, however, its dedication to attracting and retaining its women employees is undiminished.

### **Work/Life Balance**

Work/Life Balance is the ability to balance responsibilities at work and those at home. The ability to address work and family needs have become a critical factor in a decision to join or stay with IBM. To better understand the needs of its employees, in 1986 IBM initiated the first of its U.S. Work and Life Issues Surveys to obtain demographic data on its population and obtain employee input about current programs and suggestions for future programs. The survey, which has since been repeated with additional questions in 1991 and 1996, provided IBM with findings that have changed its thinking about employees and what is important to them. It was clear, for instance, from the first survey that many employees had dependent care responsibilities and that the percentage was steadily growing.

As a result of the 1986 survey, IBM returned to Work/Family Directions to develop a service for elder care. In February, 1988, IBM announced the IBM Elder Care Consultation and Referral Service. The Partnership for Work/Life, Flexibility & Mobility was another global initiative that was launched as a result of the survey to help IBMers find more balance between their work and personal lives. Recognizing this as an industry-wide issue, IBM believes that work/life balance touches morale, productivity, and retention, and that success will equal a competitive advantage. The Partnership serves as the catalyst for business areas currently engaged in addressing issues relating to workload and work/life balance to accelerate change in the work environment that will enable employees to be more successful. IBM is committed to creating a supportive, flexible environment allowing employees more flexibility over how, where and when their work gets done. To further support the Partnership initiative, the Global Work/life, Flexibility & Mobility Project Office was formed in 1998.

The Project Office has conducted global employee/manager focus groups; implemented work/life, flexibility, and mobility education and training; and launched flexible work options programs around the world. Some notable accomplishments include the implementation of flexible work options in eighteen countries worldwide; employee and management training on both the programs and the cultural implications of work/life balance, including geography

translation, workload reduction solutions in all geographies, and the implementation of "e-work" (remote work) in Asia Pacific.

One of the key cultural changes driven by the Project Office is workforce flexibility and mobility. This change has transformed the how, when, and where employees do their work. At IBM, flexible work arrangements have become a business imperative. On any given day, worldwide, over one-third of IBMers work on-site with customers, telecommuting, or working from home. Seventy percent of all employees have formal flextime arrangements. IBM embraces work/life balance and recognizes it as a win-win for customers, the company, and employees. IBM is continuing to sharpen its internal vision to focus more on results than process. IBM is educating its global population in the practice of work/life, flexibility, and mobility this education has already produced visible dividends. Continued communication and e-learning tools, endorsed by IBM's senior leaders, help employees and managers understand how flexibility and mobility can help attain better business results.

IBM's on-going initiative continuously sets up various best practices to improve employee satisfaction, attract motivate and retain best employees, and provide those employees a reason to be a part of the company and relate to its mission and values. Every initiative has been spawned with the blessing of the senior management. This gives the initiative enough weight and importance for the employees to feel that they are being taken care of and that their opinion and ideas matter. It gives them a sense of trust and confidence.

In conclusion, IBM's philosophy on employees can be phrased simply: IBM has attempted to learn and address the specific needs of employees especially minorities, and has strived to create services that address those needs. The use of these services leads to a more effective and productive employee who will contribute their best to the corporation.

## **References**

Hay group (n.d). Retrieved from haygroup.com

Center for Women's Business Research (2005). Top facts about women-owned business.  
Retrieved from Womensbusinessresearch.org

## **Author Contact Information**

Rekha Nair, ([nrekha@us.ibm.com](mailto:nrekha@us.ibm.com))