

Reassessing a Tech Company's Paid Time Off (PTO)

In recent years, companies around the United States have begun to offer additional benefits and perks to employees to give the company a competitive advantage in recruiting and retaining top talent. Additionally, many of these perks are centered around helping the employee live a more satisfied and healthy life that makes work more palatable. One of the perks that has become a popular option among companies (primarily technology companies) and non-profit organizations is unlimited paid time off (PTO). This benefit has been implemented by companies like Netflix, General Electric, and Grub Hub. In many ways, this benefit has been applauded by individuals for providing employees more control over their lives and promoting work-life balance, but critics have claimed that this perk often goes underutilized resulting in employees taking less time off and committing more of their time to the company.

On a broad scale, there are numerous potential benefits to for an employer to offer unlimited or expanded PTO. These benefits include an increase in worker retention and recruitment as previously stated. Additionally, employers would not longer be liable to payout unused vacation time to departing employees. Furthermore, employees could have improved work-life balance that correlates to healthier and happier employees. This increased happiness can lead to improved corporate culture and an increase in productivity, creativity, and innovation.

Contrarily, there are also various potential negatives to offering unlimited PTO. These negativities include the under or over utilization of the benefit. In this case, some employees will take advantage of the perk and be out of the office too often or employees will not use it enough. Other potential downfalls are that the employers could have to increase workforce to fill for the increased time off. Furthermore, there could be a decrease in productivity due to lack of accountability and stability. Corporate culture could also weaken due to conflict between employees taking too much or too little time off due to unclear expectations.

The goal of this report is to assess these benefits and negatives of implementing an increase in PTO. To conclude the best option, this report will outline a Benefits, Opportunities, Cost, Risks (BOCR) model. The decision-maker in this model is a top executive in a prominent tech company who is reassessing his/her company's PTO benefits.

The alternatives that are being assessed in this model are:

1. Offer Unlimited PTO- In this alternative, the company will allow all employees to take as much time of as he/she desires. Prior to taking time off, absences must be approved by a manager to ensure that there are enough workers at any given time
2. Expand Guaranteed PTO- In this alternative, employees will be granted additional hours of time off as well as an expansion in flexible hours that allow employees to have more control of when they are out of the office.
3. The last option for the employer is to do nothing. In this option, the company will continue to status quo of its PTO offerings.

To assess each of these alternatives, the three control criteria that were used are economic, social, and operational factors.

The strategic criteria that were used were:

1. Employee Retention
2. Employee Recruitment
3. Productivity
4. Employee Satisfaction
5. Corporate Culture
6. Innovation
7. Growth
8. Company Prestige

These eight criteria were the driving factors for the top executive's considerations in this decision process.

The first step in the process of evaluating this decision is to do a pairwise comparison at the bottom level of the subnetwork of each component of the main network. Assessing the benefits of each alternative was the first consideration. Outlined below is the breakdown of each alternative based on the three control criteria of economic, operation, and social. In these pairwise comparisons, economic was found to have the highest priority level and most significance. In the benefits portion of the model, it was determined that offering unlimited PTO was the most beneficial option.

Benefits				
	Economic	Operational	Social	Most Beneficial
Weight	0.63	0.24	0.14	
Do Nothing	10%	11%	10%	10%
Expand Guaranteed PTO	30%	39%	31%	33%
Offer Unlimited PTO	59%	51%	59%	57%

The opportunities component was the next portion of the model for comparison. In this analysis, the control criteria had very similar significance to the benefits. Likewise, offering unlimited PTO was a clear winner with a normalized score of 65% compared to the other alternatives being much lower at 23% and 10%.

Opportunities				
	Economic	Operational	Social	Best Opportunities
Weight	0.68	0.20	0.12	
Do Nothing	14%	9%	11%	12%
Expand Guaranteed PTO	19%	29%	33%	23%
Offer Unlimited PTO	68%	62%	56%	65%

The next layer of analysis was to look at the costs associated with each of the alternatives. This is an important step because both the short-term benefits and long-term

opportunities were strongly in favor of implementing unlimited PTO. When breaking down the costs associated with each alternative, it was discovered that offering unlimited PTO is also the costliest option at 54%.

Costs				
	Economic	Operational	Social	Most Costly
Weight	0.73	0.17	0.10	
Do Nothing	13%	37%	37%	17%
Expand Guaranteed PTO	30%	25%	25%	29%
Offer Unlimited PTO	57%	38%	38%	54%

The last network that must be assessed are the risks that each of the alternatives presents. My expectations were that the offering unlimited PTO would be the riskiest option due to the large degree of unpredictability. As predicted and shown below, unlimited PTO has the greatest level of risk at 64%.

Risks				
	Economic	Operational	Social	Most Risky
Weight		0.67	0.33	
Do Nothing		10%	24%	15%
Expand Guaranteed PTO		23%	18%	21%
Offer Unlimited PTO		67%	58%	64%

Below is an overall breakdown of the entire model for each of the levels in the BOCR for each of the alternatives. In each of the comparisons, offering unlimited PTO was the leader meaning that it has both the most positive attributes and negative attributes compared to the other alternatives. This is largely what I expected from researching this topic. Implementing this perk could be highly beneficial for a company but could also be detrimental.

	Benefits	Opportun	Costs	Risks
Do Nothing	10%	12%	17%	15%
Expand Guaranteed PTO	33%	23%	29%	21%
Offer Unlimited PTO	57%	65%	54%	64%

Due to the inconclusive results from above, it is essential to synthesize the whole model to identify if the positive attributes outshine the negative attributes based on the prioritization of the strategic criteria. The results of this synthetization are presented below.

In conclusion, the model identifies that it is best for the company to implement an expansion in guaranteed PTO in the short run, but it is most advantageous to progress into offering unlimited PTO. These results make sense on an intuitively level because it is a gradual step to offer more PTO with more flex time at first, but slowly progress to unlimited PTO in the long run. This allows employees to become more comfortable with the change. This will help reduce some of the risks that would be associated with instantly expanding to unlimited PTO.

Alternative	Short Term	Long Term
Do Nothing	18%	6%
Expand Guaranteed PTO	44%	30%
Offer Unlimited PTO	38%	64%

The information below presents the sensitivity analysis for each of the BOCR. In each of the graphs except for the benefits, there is a shift in what would be the best option depending on the priority levels of the decision maker. If additional information or a different decision maker were to analyze this decision, he or she could make a different decision depending on his/her priority levels.

