



Workplace Flexibility: A Guide for Companies

By Dana E. Friedman

Every company has a workplace strategy—whom they hire and how they manage, assess and reward employees. The question is whether the strategies are *effective*, because only then will they lead to improved employee engagement, job retention, job satisfaction and employee well being—all of which contribute positively to the company's bottom line. Research from Families and Work Institute's 2002 National Study of the Changing Workforce (NSCW) demonstrates that a critical element of workplace effectiveness is flexibility.

What Is Flexibility?

Flexibility is a way to define how and when work gets done and how careers are organized. It is a critical ingredient to overall workplace effectiveness. Companies use it as a tool for improving recruitment and retention, for managing workload, and for responding to employee diversity. Research shows that flexibility can also improve employee engagement and job satisfaction and reduce stress.

Below are some of the key options in workplace flexibility:

Flex-Time

Traditional flextime allows employees to select their starting and quitting times within a range of hours surrounding core-operating hours.

Daily flextime allows employees to select their starting and quitting times within a range of hours, typically surrounding core-operating hours, on a daily basis.

A compressed work week enables employees to work their allotted hours over fewer days—such as 10 hours per day over 4 days, or 80 hours over 9 days, rather than 8 hours per day over 5 days. Some companies offer “summer hours” by adding an hour to workdays Monday through Thursday, and ending work at 1:00 pm on Fridays, or similar arrangements.

When Work Works is a project of Families and Work Institute sponsored by the Alfred P. Sloan Foundation in partnership with The Center for Workforce Preparation an affiliate of the U.S. Chamber of Commerce and The Center for Emerging Futures. For more information, go to www.whenworkworks.org.

Reduced Time

Part-time work means working part days, five days per week or working full days, but fewer than five days per week. Job sharing, where two employees share one full-time job with its pro-rated salary and benefits, is also a form of part-time work.

Part-year work means working reduced hours on an annual basis, rather than a daily or weekly basis—for example, working full-time during the school year and then taking a block of time off during the summer.

Flex-Leaves

Time off during the workday to address personal and family issues includes time off for anticipated issues (a parent-teacher conference) or unanticipated issues (waiting for a plumber to fix a broken pipe).

Time off for personal illness allows employees paid time off when they are ill.

Paid time off to care for children involves being allowed to take a few days off to care for a sick child without losing pay or without having to make up some other reason for one's absence.

Parental Leave is planned time off for mothers and fathers for the birth, adoption, or care of a foster child.

Flex-Careers

Flex-Careers include multiple points for *entry*, *exit*, and *re-entry* over the course of one career or working life, including formal leaves and sabbaticals, as well as taking time out of the paid labor market, with the ability to re-enter.

Flex-Place

Flex-Place is defined as working some or most of one's regularly scheduled hours at a location other than the main location of one's employer. It includes primary and occasional arrangements.

Why Is Flexibility Important to Business?

To attract talent

- The U.S. Department of Labor reports that our labor force is growing less than 1 percent annually, and the number of available workers between 25 and 44 will actually shrink between now and 2006. The need for qualified people forces companies to rethink their recruitment efforts, productivity incentives, benefit plans, work schedules and work processes, most of which were designed for a different generation of workers with different lifestyles and working conditions.
- Advances in technology alone demand that we rethink how we connect with people, organize teams and how we measure work performance when people work from home.

To retain valued employees

- Turnover is expensive, especially in this labor market. The Saratoga Institute found that it costs 150 to 200 percent of an exempt person's yearly salary to replace him or her. Compare that to a study by Families and Work Institute that found that allowing an employee a one-year parental leave costs 32 percent of a year's salary.
- In a 1998 Watson Wyatt survey of 614 companies, flexibility was ranked by half of the companies as their most effective retention tool, better than above-market salaries, stock options or training.
- Aetna found that its family leave program increased retention of the highest performers. After extending the length of maternity leave, 91 percent of women returned to work following a maternity leave, while only 77 percent of women were retained after leave when the leave period was shorter.
- Royal Bank Financial Group reported that flexible work arrangements not only supported their work-life and diversity efforts, but it also improved business performance, enhanced customer service, reduced expenses, and positioned the company as a desirable employer.

To raise morale and job satisfaction

- There are clear links between job satisfaction and turnover. A Sears study has linked employee satisfaction with customer retention. Their work with the University of Michigan Business School found that if employee satisfaction were to improve by five points, there would be a predictable improvement in customer satisfaction of two points, and in the quarter after that, revenues would grow by 1.6 percent.

To improve productivity

- A survey by CCH Inc., a provider of human resources and employment law information, revealed the hidden costs of unscheduled absences, which is about \$1.5 million for large companies. They also found that instead of illness, family issues are now the most often cited reason for taking time off. Other non-sickness reasons cited are stress and personal demands.
- According to a study by Metropolitan Life Insurance, the National Alliance for Caregiving and AARP, it costs American business \$29 billion or \$1,141 per employee per year, when employees are unable to get the support they need for their elderly dependents.

To reduce stress or burnout

- A DuPont study concluded that workers who used their work-life and flexibility programs were more committed and less "burned out" than those who did not use any of the programs.
- All forms of stress have been found to lead to other problems that affect productivity and are potentially costly to business. Employees who feel burned out tend to have less commitment and focus or may leave the company. Half of all workers surveyed said job stress and burnout had reduced their productivity. Of those reporting "severe" stress, 59 percent wanted to quit and 55 percent said they became ill more frequently.

What Are Principles of Flexibility Used by Companies?

- Flexibility is a management tool that can help get the job done, not an employee perk or accommodation.
- Flexibility can be used by employees in a range of jobs or levels.
- Employees' reasons for wanting flexibility should not matter, unless covered by law.
- Not everyone wants flexible arrangements.
- Not everyone can have flexible work arrangements.
- Flexibility should be applied creatively.
- Flexibility works best when the work unit and customers are involved.
- Flexible work arrangements can be temporary or permanent.

What Are the Steps to Implementation?

A company needs to decide the scope of flexibility it plans to allow. No matter how formal or informal the flexible work options will be, most companies implement flexibility by following a similar process:

1. **Develop the business case** – Know what problem you hope to address by increasing flexibility. It is helpful to look at comparable companies and their experiences with flexibility so that you can provide evidence about what the companies you benchmark yourself against are doing and how these efforts have succeeded. It is also useful to conduct internal studies diagnosing flexibility as a business problem-solver.
2. **Review your own company's experience** – Review any existing programs or policies to see how well they are working, and what needs improving. Identify employees currently using flexible work policies and talk with them to assess their experiences. Find supervisors who can serve as role models and champions to play leadership roles in the creation and implementation process. You may also want to consider creating a task force to consider options and create a plan. If so, make sure that the task force includes individuals who are well respected and whose opinions carry weight in your company.
3. **Define policies and practices** – Determine which flexible work options you will create or improve and how they are to be negotiated and reviewed. It is often a good idea to try out or pilot some of the new options to see how they work before fully implementing them.
4. **Create tools and resources** – Provide employees and supervisors with examples of how to think through their options.
5. **Help supervisors learn to manage flexibly** – Flexibility doesn't work in all types of jobs or for all individuals. Supervisors need help with learning new ways of managing, including how to problem-solve and look for win-win solutions. They also have to be comfortable with the discretion they have, including when and how to say "no." Providing individuals whom employees and supervisors can turn to in order to resolve problems is important. If your company has training programs, include managing flexibly as a part of existing or

new training. Web-based tools, briefing sessions, along with coaches can also help with implementation.

6. **Communicate** – Make sure all employees and supervisors are familiar with the company's stance on flexibility and the implementation process to be sure it will work.
7. **Evaluate usage and effectiveness** – Plan to review how flexible work options are working for the employee, for the supervisor and the work group. Align job performance measures with new workplace flexibility options.
8. **Highlight success stories** – In newsletters, on bulletin boards, or in on-line databases, collect and disseminate examples of successful flexible work options for others to learn from.

Achieving successful, equitable flexibility is a shared responsibility, a partnership. It requires the company to develop and communicate clear organizational policies and guidelines. It requires managers to be knowledgeable about policies and promote flexibility to help get the work done. It also requires employees to consider the needs of the job, coworkers, customers, and the company when proposing flexible work strategies. Only then, can flexibility positively impact workplace effectiveness and the bottom line.