

## A STUDY ON THE IMPORTANCE OF WORKPLACE FLEXIBILITY TO MEET THE NEEDS OF CHANGING WORKFORCE

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### ABSTRACT

*People make choices about how to spend their time as a function of both their personal and work/life needs. For many years, both business leaders and the public at large have heard anecdotal reports that employees who are given opportunities to work more flexibly are more dedicated and productive employees and are better able to manage their lives outside of work. Human resource (HR) professionals can help their organizations respond to these transformations by building support for policies and practices that create effective Workplaces. To be truly flexible and effective, a workplace—its design, practices and policies—must benefit the organization and its employees. Organizations that provide more effective and flexible work environments have been shown to have more engaged, satisfied, and healthier employees with fewer intentions of looking for new employment.. As workplaces become more intense, Organizations find that they must become more flexible to support employees ineffectively managing their demands at work and at home and to attract, develop, and retain the employees they need to succeed. This paper gives an insight as to how workplace flexibility has impacted the organization in a positive way*

### INTRODUCTION

Traditional flextime is defined as working a schedule that has start and end times that the employee has chosen and includes certain core hours determined by the supervisor or organization. Daily flextime is defined as working a schedule that enables the employee to vary their work hours on a daily.

SHRM's Director of Research Mark Schmitt shared findings from recent SHRM research on workplace flexibility in the 21st century.

Highlights from this research include:

- HR professionals think the biggest investment challenge facing organizations in the next 10 years will be obtaining human capital and optimizing human capital investments.
- C-suite executives believe the two biggest challenges facing HR in coming years will be: 1) retaining and rewarding the best people, and 2) attracting the best people.
- HR professionals believe providing flexibility to balance life and work will be one of the most effective tactics for attracting and retaining the best people.
- Flexible scheduling is the provision or benefit offered the most by organizations with the hiring and retention of older workers in mind.
- 91% of HR professionals believe flexible work arrangements have a positive impact on employee morale (job satisfaction and engagement) and 89% believe employee retention is positively affected by flexible work arrangements.
- HR professionals believe the productivity of telecommuters increases and absenteeism decreases.
- “According to HR professionals, the most effective tactic for attracting the best people and retaining and rewarding the best employees is providing flexibility to balance life and work.”
- The traditional workplace with a nine-to-five schedule is fast becoming a thing of the past. This can be attributed to several reasons:
  - Technological advances (e.g., PDAs/smart phones, VPN access, virtual desktops, etc.).
  - Increase in global competition/economy.
  - Dual-income households.
  - Increased number of employees with caring responsibilities (e.g., child care, elder care).
  - Varying needs of the different generations in the workplace (e.g., employees under 35 years of age tend to value greater workplace flexibility).

Sustainability (e.g., an organization’s ability to balance financial performance with contributions to the quality of life of its employees, the local community and society at large)

Changes all around us, including economic factors, are forcing organizations to re-evaluate the way they do business and develop alternative approaches to work. Some employers have turned to flexible work arrangements as one of the cost-saving strategies to assist their employees while at the same time meeting business goals. This study aims at assessing the flexibility at workplace from Indian context as meeting the needs of changing workforce.

## Importance of study

An SHRM study, the Workplace Forecast, found that an increased demand for work/life balance was among the demographic and social trends most likely to have a major strategic impact on the workplace in the coming years, according to 57% of HR professionals. In addition, other demographic and social trends believed to have an impact on the workplace in the coming years potentially leading to greater demands for work/life balance. In another study by SHRM, difficulty balancing work/life issues was perceived by HR professionals as a moderate or large threat (41%) to employee retention. It was considered a greater threat to retention in large organizations than in small and medium organizations. Publicly owned for-profit organizations were more likely to perceive difficulty balancing work/life issues as a threat to retention compared with those in the privately owned for-profit sector.

In light of these data, this report examines the flexible work arrangements employers commonly offer. Also examined in this report are the use of these benefits by employees, challenges associated with flexible work arrangements and factors that make flexible work arrangements successful, among other topics

A Project on Workplace Effectiveness and Workplace Flexibility, a research-based initiative to highlight how effective and flexible workplaces can yield positive business results and help employees succeed at work and at home.

## Why do we need flexibility?

Demographic changes in the workplace, requests from employees for more flexibility, and other trends are increasing the desire for flexible work.

- Technology makes flexible work options possible. Employees can use e-mail, mobile phones and text messaging, making it easy to communicate anytime, anywhere. The Internet allows remote access to business systems, making it possible to work from home or other locations.

- Different generational priorities also increase demand for flexible work.

Many Baby Boomers (born between 1946-1964) approaching retirement are deciding to stay in the workforce past retirement age for financial or personal reasons; the American Association of Retired Persons estimates that 69 percent of Baby Boomers will work past retirement age. Generation Y workers (born from mid-80's to mid-90's) are entering the workforce. Research suggests that this generation has different perceptions of work/life balance and want to pursue personal interests as well as their career.

A meta-analysis of 31 flexible work studies found that flexible schedules increased employee productivity and lowered absenteeism (Baltes, et.al., 1999).

In the National Study of the Changing Workforce, a study by the Families and Work Institute, 39 percent of employees with high availability of flexible work arrangements reported "high levels of loyalty and the willingness to work harder than required to help their employers succeed" (Bond, Thompson, Galinsky, & Prottas, 2002, p. 34).

According to the National Work Life Measurement Project, approximately one-third of managers said their work group was more productive because it included employees who used flexible work arrangements (Fried, Litchfield, & Pruchno, 2003, p. 36).

Here are some examples of organizations whose flexible work options have had a positive effect on the organization as a whole:

-A study including Merck, Unilever, Bank of Montreal, Starbucks and Baxter International found that flexible work options led to greater productivity and efficiency and improved team functioning (Kossek & Hall, 2007).

-Cisco's telework program resulted in \$195 million in increased productivity (Giglio).

-91 percent of employees in flexible work arrangements at McGraw-Hill report a positive impact on productivity (HR Focus, 2007).

- Since the implementation of Capital One's flexible workplace program, there has been a 53 percent increase in employees who say the nature of their workplace enhances productivity (Pomeroy, 2007).

In addition to increased productivity, flexible work options lower employee turnover, which saves the organization money.

Catalyst, a non-profit research organization, examined the effects of a positive work/life culture and found a strong correlation with intent to stay at a company (Catalyst, 2005).

- In the National Study of the Changing Workforce, 73 percent of employees with high availability of flexible work arrangements said they would stay with their current employer for the next year (Bond, Thompson, Galinsky, & Prottas, 2002).
- Best Buy has seen a 90 percent reduction in employee turnover in departments that have implemented ROWE (Jossi, 2007).
- Deloitte reports they have saved \$41.5 million in turnover costs since implementing flexible work options (Corporate Voices, 2005).
- The employee retention rate in Aflac's call center operations has gone from 87 percent to 94 percent (Giglio).

Flexible work options reduce the number of commuters on the roads. Employees on compressed workweeks and part-time schedules commute less; telecommuting eliminates the commute entirely. Fewer commuters helps the environment.

- Parents with flexible work schedules feel they are more involved in their children's lives and can better meet their family obligations. Conversely, parents who are able to manage their households will be better able to focus on work.
- Flexible work options support the community. Parental involvement is important for schools. Employees with flexibility may be more likely to be involved in volunteer organizations in their communities.
- A Deloitte study found that 91 percent of participants agreed that workers were more likely to behave ethically when they had a good work/life balance. When employees are dissatisfied with their work, they are more likely to rationalize inappropriate behavior; however, if they are satisfied with work, they tend to be more honest. This is good for both the organization and society as a whole (Gurchiek, 2007).

Today's flexible work options fall into three categories: alternate schedules; reduced-hour alternatives; and telecommuting.

In alternate schedules, employees work full-time. Here are some common alternatives:

**Flextime.** Employees work full-time but can start their days earlier or later than the organization's normal start time. **Flexible schedule** is Employees working flexible schedules set their working hours on a daily or weekly basis. **Compressed workweek.** A compressed workweek provides an alternative to the traditional five 8-hour day workweek. Compressed workweek employees work longer hours in fewer days. Alternate schedule options include working four 10-hour days or three 13-hour days.

Reduced-hour alternatives allow employees to work less. These options include Part-time work. Job sharing. Contract work, seasonal work.

Telecommuting allows workers to use technology to work from home or anywhere. Telecommuters work independently, dealing with customers on the telephone or submitting work via e-mail. Some telecommuters work full-time from home, while others work a few days in the office and a few days out of the office each week.

## REVIEW OF LITERATURE

Deloitte has literally written the book on workplace flexibility, with the best selling *Mass Career Customization: Aligning the Workplace to Today's Non-traditional Workforce* and the recently released *The Corporate Lattice: Achieving High Performance in the Changing World of Work*, both published by Harvard Business Review Press. We walk the walk as an employer of choice that earns numerous workplace and diversity recognition, including Fortune® 100 Best Places to Work, Consulting Magazine's Top 10 Best Companies to Work for and Business Week's 2009 #1 Best Place to Launch Your Career, and we transfer that experience to our clients.

A research paper on *Creating a Flexible Workplace* by Lori K. Long, Ph.D., SPHR revealed Flexible work initiatives can improve recruitment and retention efforts, increase worker productivity, improve organizational diversity efforts, encourage ethical behavior, and help the organization's efforts to be socially responsible. *Survey on Workplace Flexibility--A report by World at Work February 2011* This report summarizes the results of an October 2010 survey of World at Work members, which gathered information about current trends in workplace flexibility practices. Specifically, the survey is designed to measure which flexibility options are offered to employees, which flexible work arrangements are most commonly used and how these programs are managed.

A research paper on *Workplace Flexibility: A Guide for Companies* By Dana E. Friedman said- 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.

## OBJECTIVES OF THE STUDY

1. To know whether the organizations offer provisions for Flexible Work Arrangements.
2. To know whether these arrangements are offered to all/few employees.
3. To know whether the flexibility program is more formal (written policy, employee request forms, approval channels, etc.) or Informal (no written policies or forms, discretion of manager, etc.)
4. To understand the reasons that prompted organization to offer Flexible Work Arrangements

## RESEARCH METHODOLOGY

### Sample size

Organization type	Sample size
Small (1–99 employees)	50
Medium (100–499 employees)	30
Large (500 and more employees)	20
Total	100

**Sampling Technique:** Convenience Sampling

### Data collection procedure

The data for this research would be collected both from primary as well as secondary sources.

### Primary sources

Questionnaire Method: The questionnaire in printed form would be sent to the superiors as well as the subordinates with a request to fill it. There would be a systematic and particular question sequence.

### Secondary sources

- Publications of the organization
- Magazines and journals

## FINDINGS

The survey provided a clear message that the vast majority of IT companies have now established a range of flexible working practices:

- 88% of those businesses surveyed now provide some form of flexible working initiatives
- 41% of organizations also have a formal flexible work practice policy in place

This is an encouraging sign and would illustrate that at a strategic level employers have embraced the changing expectations of the workforce around the area of work-life balance and the move away from 'traditional' working practices.

Advancements in technology have no doubt contributed to this mindset change.

The survey results resonated with the message that the cultural, behavioral and business benefits of flexible work practices were clearly understood:

- Only 2% of the surveyed audience felt that there were no positive business benefits gained from introducing flexible work practices

The range of benefits that surveyed audience felt flexible practices produced were extensive and included:

- 56% felt flexibility would create higher levels of retention
- 53% also felt employee morale would increase
- 47% of all respondents believed that employee engagement would improve
- 32% felt they would reduce absenteeism in the workplace

These insights therefore tell a positive picture of a maturing business environment and a high acceptance level of the need to develop and make available flexible working methodologies.

#### Training and retention

As well as examining the current levels of corporate flexibility the survey also explored how flexible work practices are currently being used to both retain and attract talent.

When these questions were asked, some interesting results were produced:

- 76% had not received any formal training or advice on how to manage flexible work requests.
- 51% of current flexible practices were introduced as a retention tool
- 56% agreeing that flexible work practices would have a positive effect on staff retention.

For the managers on the front line tasked with building, developing and retaining productive teams understanding and communicating these business benefits remains an issue.

It would appear that managers also remain unsure how to promote flexible arrangements or deal with requests when they are received.

#### Flexibility as a recruitment tool

Connecting flexibility to the organizational Employee Value Proposition (EVP) was another area of the survey which produced interesting results:

56% of respondents agreeing that flexible work practices would have a positive benefit in attracting quality staff.

The clear message here for organizations is to work harder to ensure the flexible benefits already available are fully integrated into the recruitment process when the business is being promoted to potential employees.

As we move into a new era of engagement between employee and employer, perhaps flexibility needs to have a bigger part to play in the day to day engagement between the organisation and its current and future talent.

The survey results have revealed a number of both positive and negative findings around the development, acceptance and integration of flexible working practices in the Indian IT industry.

- 88% of organisations currently provide some form of flexible work practices
- 41% of organisations have a formal flexible workplace policy in place
- 56% believe flexible work practices will have a positive effect on staff retention
- 44% of staff do not know or the respondents were unsure of their staff's knowledge of available flexible benefits
- 76% of those surveyed had not received any training or advice on the topic

The findings from this research show that formal FWAs have a positive impact on both employees and employers. The quality of employees' personal/family life is positively affected as a result of implementing flexible work arrangements, according to two-thirds of HR professionals (68%).

- 91% percent of HR professionals believe implementation of formal FWAs had a positive impact on employee morale (job satisfaction and engagement).
- Retention of employees (89%) was also reported to have been affected positively by the implementation of flexible work arrangements.
- The most common obstacle organizations experienced with formal FWAs is suitability of job for flexible work (i.e., the type of work performed by an employee). One in three (36%) HR professionals cited business needs as a constraint to FWAs. Publicly owned for-profit organizations (39%) are more likely to experience this obstacle than nonprofit organizations (18%).
- Companies with formal FWAs have seen increased productivity rates of telecommuters at their organizations and a drop in absenteeism.
- In its widest context, workplace flexibility is now an established part of our working environments.

Other positive business benefits that can be gained from introducing flexible work practices

- More motivated/committed individuals
- Employees seem to be happy to come to work

- Females/mothers will stay in the workplace
- Assisting in bringing people back into the industry that left as they could not manage working a full time role but could work part time
- Word of mouth. Current employees will pass on the message about the flexible conditions of our workplace

Other potential negative outcomes that flexible work practices may produce

- Employees seeing this as an entitlement and not a privilege
- Balancing out the need for flexibility of an employee against the needs of the business
- Difficulty in managing team culture and dynamics
- Continuity of work within teams
- Decreased communication – Teamwork may be affected
- Lots of wasted time due to handovers
- Potential negative reaction from older workers who may have missed out on some benefits
- In projects I believe knowledge transfer will be an issue
- People who are not entitled may have to increase output to cover

### **Is There Workplace Support For Flexibility?**

- Although we find that the vast majority of employees want to use more flexible work options if there were no repercussions, we also find that many employees believe that there are, in fact, negative consequences for working flexibly.
- Overall, 27 percent of respondents agree that there is job jeopardy for working flexibly. This jeopardy may come from employers who offer flexibility and then penalize its use.
- Managing more flexibly and working more flexibly place new responsibilities on both managers and employees.
- Optimal flexibility will not be the same for every employer or employee. Solutions must be tailored to the operational needs of each organization and adjusted to fit the roles, needs, and abilities of different employees to accept the responsibilities required for working flexibly.
- Despite the common perception that flexibility is primarily for employed mothers and parents, when flextime is offered most of the non-parents use it. Men and women, parents and non-parents, employees with and without elder care

responsibilities, employees at different earnings levels, managers/professionals are equally likely to want more flexible work options.

- As with any social or economic change, the transformation to a more flexible workplace has not always been easy or smooth. Most significant is the perceived “penalty” for using flexibility with 27 percent believing this to be the case.
- As times are changing, that working with flexibility will become as commonplace as working with technology. Thus, it is incumbent on us to continue to design new ways of working that benefit both employers and employees.
- Flexible work will continue to be a focus for successful organizations. Creative employees and companies will continue to find flexible ways to work. Further, flexible work initiatives will likely become organizational “must-haves” as more employers and employees discover the benefits of flexible work.

## Potential Solutions

Changes to management practices to successfully implement Flexible Work Practices

- Managers will need to be trained in managing from a distance e.g. how to measure performance or targets. Remote communications. Also how to build team spirit etc when team is located at different sites or only comes together on occasion
- Recruitment of the right type of staff with the right attitude. Recruitment agencies will need to play a bigger role in recognizing and balancing the needs of the business and the candidate
- Developing clear guidelines/policy around the application of workplace flexibility and the approval process
- Manpower/resource planning will alter, managers will need to be more skilled and creative in dealing with requests for flexibility and finding workable solutions
- Increases monitoring as you need to ensure your work force is being productive at home
- Loss of team dynamics when employees are not visible

Telecommuting is becoming a popular option for employers because of advancing technology. There are certain jobs that would not be suitable for telecommuting. Positions that require a lot of interaction with other employees may make telecommuting a challenge. Telecommuters must be self-motivated and able to work independently. They must also be focused and not be easily distracted.

## Networking can support flexible workers

- They can trade tips on working in flexible work arrangements.
- They can learn how to structure their work in a flexible arrangement.
- They can get advice when problems occur.

During economically challenging times, when many organizations are searching for ways to cut costs, FWAs—for example, job-sharing or part-time positions—may be an alternative to downsizing through layoffs.

Including line managers in the design of FWAs creates buy-in. Line managers who do not understand their organizations' FWAs policy and program may have a negative impact on how FWAs are administered within the organization. One-third of organizations saw inconsistency in policy and program implementation as one of the obstacles to FWA programs.

Communication between line managers and their direct reports is vital to the success of an organization's FWAs. Open communication helps line managers understand their direct reports' needs. This will assist the managers in suggesting and supporting FWAs that best meet both the employer's and employees' needs.

Creating a flexible work culture where employees know that management wants them to succeed at work and in their personal lives will help employers design and implement effective FWAs that are mutually beneficial.

- (i) If adequate information is not available to demonstrate the value of a program to the organization, that program may not get the support of top management.
- (ii) Organizations can use easy-to-administer tools such as employee surveys to measure their program participation rate and employee satisfaction with the program.

It is worth stating the obvious, many of the benefits of having flexibility initiatives depend on employees using them. Periodically, employers should consider new ways to “remind” employees of the availability of existing initiatives and sharing success stories of employees who use available flexible work options

Employees and managers agree that using flexible work arrangements have positive impacts on productivity and quality of work, regardless of the type of flexible work arrangement used.

They also agree that employees using telecommuting are more likely to have poor relationships with co-workers, less likely to get the same salary increases, and less likely to get coworker support than employees using flextime... A new balance needs to be achieved between work and home for working families. Our social worlds have changed; working families are the human face of the American workplace. Bringing work and family life into a more reasonable alignment requires a new configuration of work that meets the needs of businesses and families. Workplace flexibility is not an option but a critical need of working families and the businesses in which they work.

### **Creating a flexible workplace**

- Identify the environmental, societal and demographic trends that are causing an increased demand for flexible work options.
- Understand how flexible work options can benefit an organization and support an organization's strategy

- Identify flexible work options and other employee policies, programs and benefits employers can offer to support a flexible workplace.
- Understand the process of designing and implementing flexible work options.

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