



**THE BENEFITS  
OF  
FLEXIBLE WORK ARRANGEMENTS**

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## **INTRODUCTION**

The purpose of this report is to provide a resource for internal use at JBFCS. By presenting quantitative and qualitative data on the benefits of flexible work arrangements, this report presents logical arguments for flexibility and serves as a guide for the development of flexibility guidelines and parameters.

The information that follows has been drawn from the research archives of Catalyst, the premier nonprofit working to advance women in business and the professions. Catalyst has been researching and advising organizations about workplace flexibility since 1968.

## **BACKGROUND**

The nature of work in the United States is being redefined in every sector. The driving forces that have come to redefine the way we work include:

- The massive increase in work demands and 24/7 service requirements;
- The explosion of technology, profoundly altering how, when, and where people work;
- The full-scale movement of women into the workforce and the resultant changes in family and lifestyle patterns;
- Demographic shifts and generational changes, including the quality-of-life values of younger men and women, and the interests and needs of baby boomers, i.e. elder care and phasing into retirement.

Statistics from the U.S. Department of Labor (2000) underscore the dramatic changes in the composition of the workforce:

- 51% of married couples were dual-career couples, up from 47% in 1967;
- 65% of mothers with children less than age 6 were in the labor force, up from 39% in 1975;
- 23% of the labor force worked part-time: of those, 23% were managers and professionals (6.7 million people).

Finally, there is evidence in recent years of a growing convergence between men and women in their desires to build both successful careers and families over the life cycle. In a study conducted by the Families and Work Institute (1997) of a nationally representative sample of 3000 workers, 63% expressed the wish to work fewer hours, especially those working 50+ hours weekly. This study noted that there were no significant gender differences in preferred work hours at any life stage.

## DEFINITIONS

***Flexible work arrangements*** are individually negotiated conditions of employment involving adjustments in the timing, scope and/or place of work. Flexibility encompasses more than starting and quitting times. For some employees, flexibility is framed as permission to take time off during the typical workday to visit children's schools, take elders to the doctor, or run errands. For other employees, flexibility may mean taking days off in return for working at non-standard times, or being able to work part-time temporarily, e.g., after the birth of a child or while attending college or graduate school.

While there is a full menu of full-time and part-time flexibility options, it is up to each organization to develop guidelines and policies that are consistent with the needs of the employees, the clients, and the overall health of the institution.

**Flexitime:** Employees choose starting and ending hours, often with a core period during the workday when all employees are present.

**Flexible week:** Employees choose a compressed workweek (fewer days, longer hours) or two or more weeks with longer/shorter days (the average not exceeding 37.5 to 40 hours/week, whatever the standard work week is).

**Flexplace or telecommuting:** Some or all work is done at a location other than the regular worksite, usually the employee's home or a satellite office. Telecommuting implies that the employee is linked to office via technology.

**Flexible reduced-time:** Employees work fewer hours than full-time. These options may affect salary, benefits, and career advancement to varying degrees, depending on the arrangement, its length and company policy.

**Part-time:** Employees choose a reduced work schedule, taking various forms: reduced weekly hours, reduced annual hours, or transactional work (full-time on a specific project with time off between projects).

**Job-sharing:** Two people share or divide the responsibilities of a full-time job.

**Informal flexibility:** Employees are given flexibility on an ad hoc or occasional basis to vary their schedules, to meet the demands of both the workplace and personal life.

## **BENEFITS OF FLEXIBILITY**

Catalyst's research findings indicate that flexibility is central to the recruitment, retention and advancement of women. Catalyst has found that flexibility benefits both employees and employers, by supporting both work/life quality and organizational effectiveness.

### **1) Recruitment**

A comprehensive flexibility policy gives organizations an edge when recruiting and competing for desirable employees. Both women and men report that, when looking for new jobs, they identify employers who offer formal flexible work programs, and they evaluate the degree to which the prospective job offers personal/family time.

#### *Statistics:*

- Catalyst studies report that 72% of women and 65% of men who are part of a dual career couple look for formal flexible work programs when seeking a new employer. (*"Two Careers, One Marriage: Making it Work in the Workplace," Catalyst, 1998*)
- A report by the Radcliffe Public Policy Center with Harris Interactive, Inc. found that 82% of men aged 21-39 rated having a work schedule that supports time with family as their "top" job component. The same study found that 68% of 50-64 year-old men rate jobs that allow time with family "very important." (*"Life's Work: Generational Attitudes toward Work and Life Integration," 2000*)

### **2) Retention**

The retention of employees contributes to increased productivity and effectiveness. By contrast, the economic consequences of employee turnover include recruitment time and expense, lost time by exiting employees, transition costs, and the expense of training new employees. (*Pinkovitz, Moskal, and Green, "How Much Does Your Employee Turnover Cost?" Center for Community and Economic Development. University of Wisconsin Cooperative Extension, 20 September 2002.*)

#### *Statistics:*

- A study conducted by the Boston College Center for Work & Family (2000) measured the impact of workplace flexibility: 76% of managers and 81% of employees indicated that offering flexible work arrangements has a positive effect on retention.

- In a Watson Wyatt survey of 614 companies, at least half ranked flexibility as their most effective retention tool – better than above-market salaries, training and stock options. (*LifeCare, Trend Report, January 1999*)
- Multiple studies demonstrate that flexible work options have emerged as a critical tool for retaining valued employees, as increasing numbers of employees are now seeking these options. The studies show that companies offering family-friendly policies are successful at retaining employees, even when the individuals have not taken advantage of the policies. (*Meyer, John P. and Allen, Natalie, “Commitment in the Workplace: Theory, Research and Applications,” Thousand Oaks, CA: Sage Publications, 1997. Bailyn, et al. “Work-Family: A Catalyst for Organizational Change,” Cambridge, Massachusetts: Sloan School of Management, MIT. Working Paper, 1996*)

For a turnover calculator: [www.uwex.edu/ces/cced/publicat/calc](http://www.uwex.edu/ces/cced/publicat/calc).

### 3) Dollars Saved

Increasingly, employers are finding that flexibility is directly linked to the bottom line, in terms of dollars saved. Successful work-life programs can pay for themselves in terms of retention alone since job turnover alone can cost up to 200% of an employee’s salary.

#### *Statistics:*

- The accounting firm of Ernst & Young had been losing 22% of its women professionals annually and was spending \$150,000 per person to hire and train replacements. After implementing flexible work initiatives, the firm significantly reduced its attrition rate and its attrition “gender gap” by 50%. (*“Facing the Grail: Confronting the Cost of Work/Family Imbalance,” Boston Bar Association, 1999.*)
- Prudential Financial has invested over \$1 million in work/life programs over the last ten years. Improvements in absenteeism, productivity, and retention, along with the reduction in health and disability costs have saved the firm over \$8 million. (*“The Business Case for Diversity,” DiversityInc.com*)

### 4) Absenteeism

Absenteeism disrupts the normal flow and agenda of specific employees; it also affects co-workers, requiring temporary employees, overtime for other employees, lost productivity and low morale. Research shows a direct relationship between absenteeism and the lack of workplace flexibility. When flexibility is integrated into the workplace, employees address some of their life needs in a coordinated system. Flexibility thus reduces employee stress and unplanned absenteeism.

**Statistics:**

- In a corporate survey, respondents indicated that alternative work arrangements (53%) and compressed workweeks (49%) represent two work-life programs that have proved most effective at curbing absenteeism. Others were telecommuting (47%) and job sharing (37%) (*“Absenteeism Costs Companies More Than Ever as Employers Fail to Crack Persistent Problems of No-Shows.” CCH 2002.*).
- An internal Xerox study found that, when the firm implemented team scheduling to allow employees to individualize schedules and ensure team coverage, the result was a 30% decrease in absenteeism.

**5) Increased Productivity**

Flexibility promotes increased productivity through reducing stress on employees and encouraging results-oriented employee evaluation. The benefits of flexibility programs include increased staff availability and promotion of good performance.

The ability of management to juggle productivity requirements with employee demands requires creative solutions. Some companies have experimented with compressed workweeks while other organizations find cross-training is key to successful implementation of flexibility initiatives. The research consensus is that, if employers want to develop management tools consistent with the needs of this decade’s workforce, they will look for innovative approaches to the use of work time and space. (*Lankford, William M., “Changing Schedules: A Case for Alternative Work Schedules, Career Development International, 1998.*)

**Statistics:**

- A study by the Boston College Center for Work & Family (2000) found that 75% of managers of employees with flexible work arrangements reported no change in their workload; 70% of managers and 87% of employees reported that working with a flexible arrangement had a positive impact on productivity. (*“Measuring the Impact of Workplace Flexibility,” 2000.*)
- Studies on work-life policies have found that the productivity and job effectiveness of both men and women are affected by problems with dependent care arrangements, stress related to family issues; studies also confirm that work-family conflict contributes to employee turnover. (*“The Business Case for Work-Family Programs,” Journal of Accountancy, August 1995.*)

## 6) Utilization

Organizational leaders have common concerns about the implications of flexibility policies. One concern is that too many employees will use flexible arrangements, thereby causing more problems than they might solve. In fact, the research demonstrates that, typically, only a small number of employees use flexible work arrangements at any one time. However, many employees foresee using such an arrangement at some point over the course of their careers and, increasingly, are seeking out those companies and organizations that offer such policies.

### *Statistics:*

- The Bureau of Labor Statistics reports that, over the past ten years, the number of workers using flextime has doubled, to 28% of full-time workers (29 million). Moreover, men are somewhat more likely than women to work flexible schedules. Formal flextime programs are more common in the public sector than the private sector. (*Bureau of Labor Statistics, as reported in "Number of Workers Using Flextime Doubles in Ten Years," Work Life Today, June 2002*)
- 27% of employers nationwide now offer compressed workweeks – 10 hours a day, 4 days a week. (*Society for Human Resource Management, 2000 Benefits Survey*)
- A solid package of benefits and flexibility options for part-time employees is not likely to encourage a flood of part-time requests. Among companies in the forefront on flexibility initiatives, Hewlett-Packard reports that only 2.5% of their employees work part-time while Baxter Healthcare reports that 3-5% of their employees work part-time.

## 7) Job Satisfaction and Commitment

Levels of employee satisfaction influence job performance, overall productivity and organizational commitment. Studies addressing work-life balance strongly suggest a trend in favor of employees' personal life needs as the primary driver of organizational commitment. Moreover, employees who have access to work/life programs are least likely to feel overwhelmed or burned out.

### *Statistics:*

- A study of 18,000 DuPont workers found that employees who used or were aware of work-life programs were the most committed employees in the company. These employees were 45% more likely to "strongly agree" that they would "go the extra

mile” to assure DuPont’s success. (“*Employee Study on Work-Life Initiatives,*” as reported in *The New York Times*, 10/29/95)

- A study conducted at the Baxter Healthcare Corporation (1997), in advance of developing a new work-life strategy, involved internal focus groups, interviews, surveys and a hot line. The study found that those employees who experienced a lack of management support for work-life concerns expressed unwillingness to put forth extra effort. The survey also found a direct relationship between work-life conflicts and external job-seeking.

## **SPOTLIGHT ON THE FIELD: HEALTH AND HUMAN SERVICES**

Staffing shortages have been widely reported throughout the health care system. There is an urgent need for leaders in the health and human services arena to consider flexible work arrangements both to enhance employee recruitment and improve retention of clinicians, nursing professionals and support staff.

According to a 2002 survey of top hospital executives conducted by Ernst & Young LLC (CGE&Y) and Gartner Consulting, staffing shortages are exerting dangerous pressures on the health care field. Nearly fifty chief executives reported that the management of staffing shortages makes it harder to focus on meeting patient needs. The same survey group also identified critical staffing shortages in laboratories and hospital business offices, resulting in higher costs and diminished quality of care.

In a similar survey conducted in 2002 by the National Health Care and Life Sciences Practice of DeLoitte & Touche (2002), 600 hospital chief executives reported that the three most successful initiatives to counteract staff shortages are salary increases (87%); flexible work arrangements (55%); and increasing benefits (38%).

### ***Best Practices in the Health Care Field***

- In Philadelphia, The Children’s Hospital Work/Life Initiative offers alternative work arrangements, a LifeBalance program (confidential resource, referral, and consultation service accessible by telephone or Internet), and monthly life/work balance seminars.
- Baptist Health Care in Miami, Florida was cited by *Working Mother* and AARP for “Best Employer,” resulting in turnover and vacancy rates that are half of the healthcare system’s average rates of 10% turnover and 7% vacancy.
- Novant Health was cited by *Working Mother* for its flexible approach to a 74% female workforce. Options include flexible scheduling, snow-day childcare, and time off for school events and teacher conferences. Novant is a not-for-profit healthcare

system serving 3.4 million people in 32 counties in Virginia, North Carolina and South Carolina, consisting of seven hospitals, nursing homes, senior residential facilities, physician clinics, outpatient surgery and diagnostic clinics, rehabilitation programs and community health outreach programs.

- At JFK Medical Center in Atlantis, Florida, women comprise 78% of the workforce; 20% of all employees opt for compressed workweeks and another 20% have chosen job-sharing. At Northwestern Memorial Healthcare, in Chicago, Illinois, 66% of employees use flextime; of the 770 employees who work part-time, often in clinical or nursing positions, 90% are women.

## **IMPLEMENTING FLEX: THE ELEMENTS OF SUCCESS**

The research suggests that three critical elements contribute to the successful integration of flexibility initiatives in the workplace. These elements include 1) a workplace culture that supports flexibility and provides clear guidelines for its practice; 2) sufficient support and training for managers; and 3) an appropriate balance between the life patterns of the employee and the dynamic needs of the organization.

### **1) The role of workplace culture**

Studies have found that formal flexibility policies alone do not suffice as an indicator of flexibility. A more precise measure is the extent to which employees feel free to utilize such policies, whether formal or informal. The research literature concurs that an organization's informal culture is more important than formal policies in shaping employees' behavior.

In some cases, employees find that formal flexibility policies are discouraged in practice and may even have negative career effects. At the other end of the flexibility continuum, some supervisors permit more flexibility than is formally allowed and encourage employees to take time off unofficially, thus making flex invisible to higher-level managers. Even informal policies may not be enough to create "felt" flex. On a day-to-day basis, managers often express ambivalence about whether to promote flex policies. They worry about "everyone" wanting to schedule flexibly. This demonstrates that while formal flexibility policies are important, so is the perceived ability to use such policies and the importance of developing clear guidelines and parameters.<sup>1</sup>

### **2) Managerial support and guidance**

Over the past three decades, Catalyst's research on flexibility has identified the barriers to integrating flexible work arrangements. One of the primary barriers is an outmoded

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<sup>1</sup> Eaton, Susan S. "If You Can Use Them: Flexibility Policies, Organizational Commitment and Perceived Productivity." John F. Kennedy School of Government, Harvard University, Faculty Research Working Papers Series, March 2001.

approach to the structure of work, i.e., defining work by hours spent in the workplace, rewards for long hours, the lack of formal guidelines to demonstrate leadership commitment, and organizational myths about the availability, acceptability and career implications of alternative schedules. These barriers exist in varying degrees throughout large organizations, leading to inconsistency across departments, divisions and teams.

In a Catalyst survey (1997), managers expressed interest in learning the flex negotiation and approval process, coordinating alternative arrangements for work groups and teams, and redesigning work responsibilities. The degree of support, guidance, and appropriate tools has been correlated to managers' effectiveness in implementing alternative work arrangements.<sup>2</sup>

### **3) Balancing employee needs and organizational needs**

An analysis of studies in the field showed that flexible work schedules had positive effects on employee productivity, job satisfaction, satisfaction with work schedule and employee absenteeism. Both flextime and compressed workweek schedules showed primarily positive and no negative effects on work-related criteria. These positive benefits are consistent with historical trends in favor of more alternative work schedules.

Researchers caution that, in reviewing flexibility proposals, human resource practitioners must analyze the work that needs to be done and the degree of interdependence between jobs. Jobs with high levels of autonomy and routine might be more conducive to such arrangements than jobs with high interdependencies and non-routine demands. Flexible arrangements for employees with highly interdependent jobs may require more managerial support.<sup>3</sup>

## **CONCLUSION**

Flexibility initiatives, implemented well, offer enormous potential for improved staff retention, enhanced productivity and increased job satisfaction. In terms of management and organizational development, the main benefit of flexibility is a fundamental shift from counting resources to measuring results. As one manager noted, in a recent Catalyst study, "The truth is, the part-time arrangements forced us to be a little more deliberate about how we ordered priorities and what we did. It has forced us to stop managing by spasm."

Flex is not about opening the floodgates and saying, "Yes" to all requests. Rather, the implementation of flexible work arrangements requires clear guidelines and parameters.

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<sup>2</sup> Kropf, Marcia Brumit, "Flexibility Initiatives: Current Approaches and Effective Strategies," *Women in Management Review*, 1999.

<sup>3</sup> Baltes, Boris B., et al, "Flexible and Compressed Workweek Schedules: A Meta-Analysis of Their Effects on Work-Related Criteria," *Journal of Applied Psychology*, Vol. 84, No. 4, August 1999.

Flexibility initiatives also require an open dialogue about how to work most effectively, answering questions like: *How will the work get done? What happens during overload times? How will communication and coordination with clients and colleagues be managed? What skills do managers and employees need to implement flexibility plans?*

The research by Catalyst and others concur that, when managers address flexibility in their workplace, they become more effective managers overall. Flexibility shines a spotlight on such leadership skills as setting and communicating priorities, maximizing communication, and coordinating teamwork.

### **Web Resources:**

***Catalyst:*** [www.catalystwomen.org](http://www.catalystwomen.org)

The premier nonprofit research and advisory organization working to advance women in business.

***Work in America Institute:*** [www.workinamerica.org](http://www.workinamerica.org)

A nonprofit organization that focuses on improving productivity and work/life balance.

***Boston College Center for Work and Family:*** [www.bc.edu/bc\\_org/avp/csom/executive](http://www.bc.edu/bc_org/avp/csom/executive)

A research organization that focuses on improving quality of life for working families.