

Research on Flexibility in the Context of a Changing World

Today's global economy and information age, fueled in part by increasingly sophisticated technological advancements and the changing demographics of workers, has required leading organizations to rethink how they do business in order to stay competitive (Hall & Mirvis, 1996; Rifkin, 1995; Sennett, 1998). Such change has included, among other things, the development of flexibility in the workplace. Many companies have been working at this transition over many years. Indeed, there has been much study and focus on the impact of flexible work arrangements on the employee, the business itself, and on families.

For the last year, we have been involved in conversations with representatives of 20 leading organizations about their approaches to facing some of these challenges. We begin by summarizing a few of the challenges mentioned by our respondents, followed by a succinct summary of research findings from different sources and perspectives about the value of such arrangements, and the need for the kind of investigation that we performed for this report.

Changing Needs of Employees. Many of the representatives of leading organizations we interviewed mentioned the fact that the “mind-set of employees is different now than it was in the past.” From employee surveys and focus groups, senior managers are learning that employees' needs have changed and with them their requirements for staying with the organization. One organization was surprised to learn the extent of changes that had occurred in their workforce, i.e., it is no longer a “company made up largely of men with stay-at-home wives,” but in fact had a diverse population with all kinds of situations and needs. Other companies are discovering the changing needs of an aging workforce and are being asked for phased retirement and other more subtle transitions to retirement. At the other end of the spectrum, another participant noted that the company had a “large number of employees in their 30s who want to settle down and have a family”; the retention of all such employees is a major challenge, a subject that we will return to later in the report.

Managers today are hearing that employees want more autonomy and control over how they get their work done; employees are asking for more trust—“[to be] trusted to do their work and to make choices about living their lives...feeling constrained by the traditional work environment.” They want to be empowered to make decisions and do their work in a way that makes sense to them. Employees are telling companies that they want “help in taking care of their work and family responsibilities.” How to accomplish these ends without compromising business goals was a challenge repeated many times over.

Changes in the Business Context. Globalization has been widely heralded and discussed. It was, of course, foremost in the minds of our respondents. For many of our organizations, the requirement that they work globally and support both employees and customers in different time zones has also prompted them to figure out new ways of working. Almost in concert with the evolution of the global economy is the dramatic change that technological advances have wrought, most especially the ability to work anywhere, anytime. Rapidly changing technological innovations, along with the new global context, were mentioned in one way or another by almost all our respondents.

Closer to home, our respondents talked about the impact of mergers and acquisitions in the United States. The challenge in these instances is to pull the sometimes quite different cultures of two companies together. Such organizational turbulence requires forethought and action that, in the ideal world, retains the best elements of each organization, and develops strategies for creating a new culture that is responsive to the new and more diverse employee base. Such activity in the time-starved business world of today is in itself another challenge.

A representative of one organization among our leading companies mentioned changing government regulations that affect the daily conduct of business. This organizational representative referred to the Clean Air Act that requires a reduction in the number of cars in employee parking lots. How does an organization affect the personal choices that employees make regarding travel to and from work? Although not mentioned by our respondents, there are a host of other governmental interventions affecting the business climate today, including the Family and Medical Leave Act (FMLA), the Americans with Disabilities Act, and new pressures such as state-mandated health care requirements.

Pressures to Stay Competitive. Of course, the need to be successful as a business is always paramount in the minds of our respondents, and some of them mentioned other changes in the business context having to do with the ubiquitous pressure to increase productivity. One organizational representative, for example, mentioned the massive effort for “continuous improvement” the company had initiated after the experience of the 9/11/2001 terrorist attacks on the United States. Out of that work grew new pressures to create cooperative teams. In her words, “...these...things ... are very difficult to change because they are so deeply entrenched in an 80-year-old culture.”

In another example of the kinds of business pressures companies face, one of our respondents described the experience her organization had of learning that other similar organizations were successfully cutting costs and increasing profits by allowing certain units to work virtually. As a result, her company felt challenged to do the same.

And finally, another organization learned from some internal analyses that their most successful financial service centers were those where the customers were very loyal; what they discovered was that *customer* loyalty went hand in hand with *employee* loyalty. The company leaders concluded that their new challenge was to “keep their employees,” and that by doing so, they would be able to “keep their customers and create profitability.”

Employee Recruitment and Retention. As the above example illustrates, finding and keeping good employees constitutes yet another challenge in the changing context of business today. Perhaps our respondents were most vocal about this challenge. One of our respondents put it this way, “The demographic facts of the next generation will make it harder to recruit good people,” these facts being fewer potential applicants, and different needs and expectations of the available applicants. This respondent also mentioned the investment that a company makes in an employee and the challenge inherent in trying to recoup that cost: “If people leave and come back, the company recovers at least \$150,000 in costs.” Another respondent mentioned the need to find workers to cover all the 24-hour, 7-days-a-week shifts, positions that are staffed primarily by women. What can they do to attract and keep such “valued workers”? Actions are needed to keep such workers who have a “unique skill set” and who might leave if certain conditions are not met. In an unusual move, one company representative described a challenge that she faced some years ago to find qualified people who are willing to work part-time, and who are able to reach a particular market effectively. “At the time there were a

lot of women leaving the workforce to raise their families.” The challenge was to find the right people with the right skills who would benefit from having the job and do a good job for the company at the same time. Many of our respondents spoke of the continuing challenge of retaining qualified women and minorities.

Are Flexible Work Arrangements the Solution?

Overwhelmingly, our respondents have turned to the development and implementation of a wide variety of flexible work arrangements (FWAs) as one among many approaches to the challenges described above. This process has been evolving over the last 15-20 years. As we have seen in the words of the employers with whom we spoke, organizations are recognizing the business imperative to help their employees better negotiate and integrate demanding work and family responsibilities (see also Hall & Mirvis, 1996; Jacobs & Gerson, 2004; Nord, Fox, Phoenix, & Viano, 2002). FWAs have been seen as the answer to the need to work in the 24/7 global work environment by allowing employees to work odd hours from various locations, including home. Teleworking has also been seen as a way to reduce the number of people driving on highways, clogging employee parking lots, and driving up real estate costs for the organization. These are but a few of the ways that our respondents illuminated their responses to current organizational challenges.

Indeed, one of the hottest buzzwords in the workplace today is “flexibility.” As Harrington & Hall (2007) have pointed out, a key characteristic of today’s business model is “flexibility,” but is it taking hold? If leading organizations have had the availability of flexible work arrangements over many years, why is it still the topic of so much conversation in the business environment? Why is it still on the “want-to-know more” list of our member organizations? There is some concern that, like many good ideas, the implementation of flexible work arrangements in the context of the challenges and pressures mentioned above has been more difficult than we realized. Some have concluded that forward-thinking organizations have established flexibility programs without thinking simultaneously about strategies for making them work.

In the following section, we turn to a brief review of scholarship both from business and academic settings to shed light on some of the whys and wherefores of the situation we now face with respect to flexible work arrangements.

What Do We Know about Flexibility and How Do We Know It?

There has been a burgeoning of research over the past 30 years examining issues related to the changing lives of American workers, both the needs of employers and employees. The last decade, in particular, has seen an expansion of research related to work-life balance concerns and flexible work arrangements (Perry-Jenkins, Repetti, & Crouter, 2000; Swanberg, Pitt-Catsouphes, & Drescher-Burke, 2005). Although this is somewhat of an oversimplification, there are two main sources of data for this research.

First, there is internal/organizational/corporate-based research with employees, which asks mostly about work-related issues. Much of the good news about the benefits to business for implementing flexible work arrangements can be found among these studies. In this type of research both data and

measures are typically proprietary, although the results are often published in newsletters such as *Work Family Connection* and reports (such as the Corporate Voices report, 2005).

The second source is academic research, which is primarily conducted with working family members, all of whom work in different settings. Reports and journal articles derived from such data are publicly available, but typically read only by academics.

The core mission of the Boston College Center for Work & Family is to build a bridge between representatives of these two worlds. Findings from both types of research will be used to discuss what is known about the value of flexible work arrangements for both employers and employees.

Corporate Research. Organizational/corporate-based research has indicated, in many cases, that FWAs can enhance employee productivity, increase job satisfaction, facilitate recruiting and retaining skilled employees, decrease “negative spillover” from home to work (as well as from work to home), and improve mental health (for an overview of much of this and other work, see Burud & Tumolo, 2004). Specifically, an internal analysis by Deloitte & Touche showed that 86% of their professional employees cited workplace flexibility as a major reason for staying with the firm; this contributed an estimated \$41.5 million savings in turnover-related costs during fiscal year 2003 (Corporate Voices, 2005). And, a study of *Leaders in a Global Economy* conducted by the Boston College Center for Work & Family with the Families and Work Institute and Catalyst in 2003, showed that 60% of high-level executives without flexibility indicated they planned to leave their organizations in five years, vs. 49% with flexibility (Galinsky, Salmond, Bond, Kropf, Moore, & Harrington, 2003).

Corporate Voices for Working Families compiled a descriptive summary of findings from among partners in their organization to review the kinds of data these companies were collecting about flexible work arrangements and assess the extent to which the availability of these types of programs enhanced business objectives (Corporate Voices, 2005). Summarizing across 29 companies, they reported that the availability of FWAs can dramatically affect intent to turnover, recruitment, employee satisfaction, company commitment, and stress levels (see also DTI, 2003). Moreover, some companies show substantial cost savings. AstraZeneca and Deloitte & Touche, for example, have very impressive models for showing financial gains. The authors of the Corporate Voices report conclude that: “The data presented in this report establish a compelling business case for expanding workplace flexibility. In fact, the body of evidence is so weighty that it constitutes an action imperative for organizations that want to stay competitive, get the best from employees, and improve business results” (Corporate Voices, 2005). These authors go so far as to call for an end to the debate on the utility of workplace flexibility.

Academic Research. In academic research, there are many positive findings about flexibility and flexible work arrangements as well. A number of studies suggest a positive relationship between flexible work arrangements and reduced stress, decreased negative spillover from work to family, greater work-family balance, less work-family conflict, and enhanced physical and/or mental well-being (Almer & Kaplan, 2002; Bond, Thompson, Galinsky, & Prottas, 2002; Thomas & Ganster, 1995). Specifically, using a composite index to measure flexibility, Litchfield and Pitt-Catsouphes (2000) found a positive relationship between flexibility and perceptions of stress (lower), work-family balance, and overall life satisfaction (both higher). Similarly, in a study of hourly and professional workers in a national retail chain, James, Swanberg and McKechnie (2007) found that workers with flexibility reported higher psychological well-being than those without flexible work options. Interestingly,

methods for providing flexible work options for hourly workers were revealed in this study (Swanberg, James, Werner, & McKechnie, in press).

With respect to organizational outcomes, there is evidence of a positive relationship between flexible work arrangements and improved employee commitment, job satisfaction, and reduced absenteeism and turnover (Almer & Kaplan, 2002; Bailyn, Fletcher, & Kolb, 1997; Parker, Baltes, Young, Huff, Altmann, LaCost, & Roberts, 1999; Gover & Crooker, 1995; Kopelman, 1986; Kossek & Oseki, 1999; Hohl, 1996; Pierce & Dunham, 1992). In particular, in research conducted with six companies (Amway Corporation, Bristol-Myers Squibb Company, Honeywell, Kraft Foods, Lucent Technologies, and Motorola, Inc.), the Boston College Center for Work & Family found that 70% of managers and 86% of employees reported that flexible work arrangements have a “positive or very positive impact on productivity” (Pruchno, Litchfield, & Fried, 2000, p.3). Moreover, the study found that 65% of managers and 87% of employees reported a “positive or very positive impact on quality of work” in conjunction with being able to work a flexible arrangement (p. 3). Additionally, results from this study indicate that 76% of managers and 80% of employees associate flexible work arrangements with “positive effects on retention” (p.3).

From both streams of research, corporate and academic, we can find favorable associations between flexible work arrangements and employer and employee outcomes. Findings from both sources of data have been summarized in order to assist practitioners in making the “business case” for the development and maintenance of flexible work options (e.g., Questions and Answers about Flexible Work Schedules: A Sloan Work and Family Research Network Fact Sheet).

Nevertheless, some contention and confusion remain about the relationships between work-life initiatives and employee and employer outcomes for the simple reason that there have also been some studies of flexible work options that have not produced such positive results. Rau (2003) observes that while high flexibility can improve the ability to manage work and family demands, it can also result in increased role-blurring, which in turn creates confusion about which demands (work or family) should be attended to at any given time, increasing role conflict. Moen and Yu (1999) found that those with more schedule irregularity have higher work-family conflict. Work-family conflict itself as an outcome of choice has been called into question (MacDermid, 2005; Sutton & Noe, 2005). Van Dyne, Kossek, and Lobel (2007) assert that reduced face time can have a negative impact on work group processes and effectiveness. Recently, a rather significant challenge to the business case for work-life programs was made by Bloom, Kretschmer, & Van Reenen (2006), who charged that work-life policies add little to employee productivity over and above good management practices.

Are Flexible Work Arrangements Used? Another wrinkle in the link between flexible work arrangements and positive outcomes is research demonstrating that access or utilization of these options remains limited (Applebaum & Golden, 2003). Using a broad definition of workplace flexibility, authors of the 2005 National Study of Employers (Bond, et al., 2005) reported that among the organizations that were surveyed (a sample of 1,092 employers across the country with 50 or more employees), a wide range of FWAs were available, including compressed workweeks; control over break times; choice of shifts; periodically moving from full-time to part-time status in the same position; job-sharing; working at home or off-site; gradual entry to work after childbirth or adoption; phased retirement; educational leaves or sabbaticals; working only part of the year on an annual basis; paid personal leaves; ability to change start and stop times on a periodic or daily basis; and control with respect to unpaid and paid overtime hours. Despite the many varied FWAs surveyed, “the proportion

of employers offering flexible work options to *all* or *most* employees is 24 percentage points lower than the proportion who offer the same options to some employees” —with the most prevalent option being a gradual reentry to work following childbirth or adoption (67%); and the option to work from home being the one least likely to be made available to all or most employees (3%) (Bond, et al., 2005, p. 5). Interestingly, in most cases, the study also finds that small employers (50-99 employees) are significantly more likely to offer flexible work options to all or most employees than large employers (1,000 or more employees), even though large employers have more policies and programs (Bond, et al., 2005, p.5).

Similarly, with respect to limited access to FWAs, summarizing across several studies using nationally representative samples, MacDermid & Ya Tang (2006) contend that workers who are male, older, have more education, or who have higher-status jobs have more access to flexibility than lower-status workers. Workers in unionized jobs or jobs in local government, K-12 education, health care, other services, or retail sales had reduced access to flexibility, as did workers who were members of ethnic minority groups and workers who worked night shifts. Swanberg et al. (2005) found comparable results in their analysis of data from the 1997 National Study of the Changing Workforce. Specifically, their results suggest that hourly, lower-wage workers, unionized workers, and workers who make up the lowest educational attainment category faced a number of restrictions in terms of access to FWAs. Surprisingly, contrary to other research findings, Swanberg et al. (2005) also found that working full-time and working day shifts was predictive of limited access to certain FWAs such as flextime, schedule control, and time off to attend to family or personal responsibilities.

Even when workers have greater access to flexibility, they often feel that they cannot use it. Blair-Loy and Wharton (2004), in a study of managers, report that workers who felt the most constrained in terms of using FWAs were those with the highest status, income, job demands, and pressure at work, and those who have the lowest control over their jobs. In some cases the inability or reluctance to use FWAs is associated with the fear that using flexibility will negatively impact wages, performance reviews, and/or career advancement (Cohen & Single, 2001; Nord et al., 2002). Glass (2004) found that women who availed themselves of flexible schedules suffered wage growth penalties over a ten-year period—basically anything that reduced face time depressed wage growth. Judiesch and Lyness (1999) found that managers who took leaves of absence, for illness or family reasons, subsequently were promoted less often and received smaller salary increases. In some respects, there are good reasons to think twice about making use of FWAs. When the organizational culture does not support the policy, it is an empty promise (Harrington, 2007; Lambert & Kossek, 2005).

Have Organizations Changed to Accept New Ways of Working? Limited access and perceived penalties aside, perhaps the greatest barrier to making FWAs work to the desired extent is the lack of change in organizational cultures. Many companies still appear reluctant to move away from traditional attitudes towards work and the workplace to embrace fully new ways of working. Kathleen Christensen, a researcher with the Alfred P. Sloan Foundation who is committed to making FWAs the norm in the American workplace, summarized broadly from 15 years of Sloan-funded research:

Based on our findings, it is fair to conclude that standard full-time workweeks and rigid career paths dominate the American workplace, not because alternatives cannot be worked out, but rather because these conditions of work are so firmly established in our habits and attitudes that we lack creativity about nonstandard hours or variable career paths—if we think of them at all.

And in the occasions that more flexible conditions are arranged, we look down upon them as less serious. This rigid full-time structure is clearly at odds with the flexible way that many Americans want and need to work. (Christensen, 2006, p. 725).

So, even though the results from the 2005 National Study of Employers (Bond, et al., 2005) indicate that 47% of the companies surveyed are looking to support FWAs as effective incentives to recruiting and retaining employees (key factors often associated with business success), only 31% of organizational representatives “responded ‘very true’ when asked whether management rewards those within the organization who support flexible work arrangements and even fewer (27%) feel that their organization makes a real and ongoing effort to inform employees of the availability of work life assistance” (NSE, 2005, p.19).

Closing the Implementation Gap. In summary, on the one hand, we have much organizational and academic research attesting to the benefits to both the employee and the employer in implementing FWAs with respect to enhanced job satisfaction and mental/physical well-being; reduced stress levels and work/family conflict; greater productivity and commitment; and, lower absenteeism and turnover. We also have data indicating that American workers are *feeling* increasingly overworked and are looking for greater workplace flexibility—so much so that they might, paradoxically, “be willing to work more in exchange for greater flexibility” (Jacobs & Gerson, 2004, p.100). In contrast to these findings, we have data that indicate the uncertain or poor value of various FWAs; utilization and access problems; and, organizational climate or cultures that constrain their use.

We are seeing that it takes more than establishing programs and policies—making FWAs work requires an all-out company effort. Some believe we need government interventions as well (see, for example, Workplace 2010). Getting from espoused theory (the flexibility program) to practice (wide usability without penalty) may take looking beyond traditional ideas of “flexibility.” As we have mentioned, our participants revealed a broad array of programs that they indicated were developed in response to business imperatives. They said that these programs and new ways of working were necessary to remain competitive. We know too little about effective implementation of these flexible work arrangement programs.

Little research seems to exist regarding how to carry out FWAs without compromising business outcomes. This problem has been called the “implementation gap” (Lewis & Haas, 2005, p. 350). The research that is available suggests that sound, clear procedures and good communication strategies can be key factors in effective implementation (Nord et al., 2002). This involves communication not only to employees (both users and nonusers of the programs), but also with clients/customers. We are also seeing that it is important that all employees see the new work arrangements as being fairly and equitably distributed (Judge & Colquitt, 2004), and not a threat to career advancement (Glass, 2004). Clients need to retain faith in the organization to meet their needs.

Organizations need assurance that the use of FWAs does not translate into “less work,” or lower productivity. Without employee, client, and company confidence, the new workplace culture of FWAs can be easily undermined. Additionally, success with FWAs might necessitate a transformation of current HR processes and support from top management (Nord et al., 2002). Finally, research indicates that organizations should be ready to put in place the appropriate infrastructure needed to address the technical demands of various FWAs (i.e., telecommuting).

Suggestions from previous research about the successful implementation of any of these programs or new ways of working seem to have merit, but many of these suggestions are still relatively general in nature (Nord et al., 2002). There are broad “how-to” guides such as the WFC Resources’ book, “**The Eleven Essential Steps to Designing a Successful Work-Life Program,**” and other studies of success. DTI (2003), for example, provides a list of 50 companies with a brief anecdote about the positive impact of flexibility. Burud and Tumulo (2004) describe cases of executive transformations in five corporations.

There is little to no research, however, about what goes on between setting up a policy and making it work. Moreover, in a major review of the business case for the integration of employee assistance, work-life, and wellness services, Attridge (2005) concluded that “the nature of how the program is implemented appears to be the most significant driver of getting results” (p. 47). Thus, this project was designed to understand better the course of successful implementations in the words of the implementers themselves along with the reactions of both employees who found the programs useful and their managers who had to adjust to new ways of working.

Our overarching focus is: What makes a successful program work for the employee and the business? To answer, we provide in-depth information from implementers, employees, and managers in 20 leading companies in the United States.