

BOSTON COLLEGE

CENTER FOR WORK & FAMILY

EXECUTIVE BRIEFING SERIES

In this Issue:

- Business reasons for implementing flexibility including the business drivers and the benefits to employees/employers
- Obstacles to successful implementation – why is it so difficult to integrate flexibility into the culture of the workplace?
- How leading companies are moving beyond the barriers to sustain a flexible work culture
- PowerPoint Presentation (for Senior Leaders) about how to positively impact the culture of flexibility at your own organization (Contact cwf@bc.edu to receive a copy)

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Creating a Culture of Flexibility: *What it is, Why it Matters, How to Make it Work*

Why focus on flexibility?

Leading organizations realize that the profitability and vitality of their businesses depends on their ability to positively influence the stakeholder groups that ultimately determine their organizational success. “If a company treats its employees the right way, it will treat customers better and will enjoy higher profits and a better return for shareholders” (Rucci in Mullin, 2003). How can an organization create a work environment where employees are engaged and committed to achieve organizational goals? By creating a culture of flexibility, a strategic business tool that promotes employee satisfaction. The service profit chain verifies that satisfied employees influence customer satisfaction which positively impacts the bottom line.

Research continuously confirms that flexible work arrangements reduce stress and healthcare costs; improve productivity and job satisfaction; increase retention; decrease absenteeism; and improve loyalty and commitment. Employees working flexibly are more satisfied with their jobs, more satisfied with their lives, and experience better work/family balance.

- 70% of managers and 87% of employees reported that working a flexible arrangement had a positive or very positive impact on productivity.
- 65% of managers and 87% of employees reported that working a flexible arrangement had a positive or very positive impact on quality of work.
- 76% of managers and 80% of employees indicated that flexible work arrangements have positive effects on retention.
- 75% of managers reported that there was no change in their own workload as a result of offering flexible schedules, while nearly all believe that work group productivity and job performance was the same or better (Center for Work & Family, 2000).

Everyone wants flexibility - men and women, younger and older workers, workers with and without children, low wage earners and executives. Employees report that flexibility is critical to their efforts to manage work and personal life balance (Radcliffe, 2000; Kroph, 1999; Kunz Center for the Study of Work & Family, 1998; Catalyst, 1998). In fact, the number one request from employees is more autonomy and control in achieving their work goals. It appears that the need and desire for flexibility continues to grow, as graduating business students around the world report that attaining a balance between work and personal life is their most important career goal (PricewaterhouseCoopers Second International Student Survey, 1999).

WHAT IS FLEXIBILITY?

“With our array of work/life programs, and options for flexibility, you can have a life and manage your career...You cannot rely on a rulebook. Only the use of common sense will cover every conceivable circumstance.”

– BILL SHAW

PRESIDENT AND CHIEF OPERATING OFFICER
MARRIOTT INTERNATIONAL

- Standard flexibility: programs that allow employees to vary when and where they do their work
- Strategic flexibility:
 - Includes variations in what, when, where and/or how work is done, toward what goals and for what compensation
 - Focuses on overall business goals, rather than case-by-case accommodations to individuals
 - Emphasizes the long-term, rather than the short-term
 - Is proactive, not reactive
 - Intervenes at the systems level (Olmsted, 1997; Campbell & Koblenz, 1997; Bailyn, Rapoport, Kolb, Fletcher, et al., 1996)
- There are three dimensions of flexibility – time, place and work processes:
 - Flexibility of time includes:
 1. variations in scheduled work hours including daily and traditional flextime, compressed work weeks and arrangements such as 9/80
 2. adjustments in the number of hours worked per week or per year (i.e., summers off or reduced hours during off-season)
 3. flexibility during one’s career path that allows for sabbaticals or leave time
 - Flexibility of place includes telecommuting at home, at satellite sites or offsite such as customer sites
 - Flexibility of work processes refers to work redesign or job restructuring to reduce inefficiencies and low value work (Pitt-Catsouphes, 2003; Sloan Foundation, 2003)
- Flexibility is not...
 - Only about programs and policies
 - An entitlement or a reward
 - A secret arrangement or special deal
 - For everyone or every job

Common Flexible Work Arrangements

Flextime — Employees vary the duration and timing of the workday (e.g., start and end times, breaks, lunch) within limits set by management, such as core hours from 9 am to 3 pm. Traditional flextime is a schedule with a fixed start and end time (i.e., 7 am – 3 pm every day). Daily flexibility allows employees to vary their work hours on a daily basis.

Part Time — Working less than full time hours

Compressed Work Weeks — Working full time hours in a reduced number of days such as 9/80, where over a 2 week period, employees work 9 hours for 9 days and then have the tenth day off

Telecommuting — Working away from the office some or all of the time

Job Sharing — Two workers cover one full time job

Paid and Unpaid Leaves — To care for dependents, education, or other reasons

Sabbaticals — Paid or unpaid time off at recurring intervals

(Center for Work & Family, One Small Step, Midwestern Work-Family Association, Balance Sheet 1998)

WHY ARE ORGANIZATIONS PROMOTING FLEXIBILITY?

“One of the reasons people come to work for IBM is because we take workplace flexibility seriously. On any given day, worldwide, one third of our people are not at an IBM location - they are working onsite with customers, are telecommuting or are mobile. Today, we must reconsider our traditional concept of work and how it gets done, because Flexible Work Options allow our workforce to serve customers as never before.”

– SAMUEL J. PALMISANO
CHAIRMAN OF THE BOARD
AND CHIEF EXECUTIVE OFFICER
IBM

- Cost savings: Cost efficient means to retain employees, a way to reduce real estate costs and employee commuting time
- Shareholder value: Organizations with higher employee satisfaction report larger than average annual returns to investors
- Productivity: Reduces absenteeism by giving employees more control over their work time and improving morale
- Heavy workloads: Employees are required to “do more with less” and report increased levels of stress with higher health care costs
Employees who don't think that they can alter the hours or days that they work, feel more overworked. 45% of those who cannot change their work schedules to work their preferred hours experience high levels of feeling overworked versus 33% who feel that they can rearrange their working hours (Families and Work Institute, 2001).
- Globalization: Need for a global workforce that is responsive to worldwide customer demands on a 24/7 schedule
- Technological Advances: Technology enables an anytime, anywhere workplace
- Popular demand: All types of employees, in many different life situations, are requesting flexibility
- Public Image: Attracts employees and enhances business reputation as an “Employer of Choice”

HOW WIDESPREAD IS FLEXIBILITY?

- 74% of all businesses offer flexible work options (Hewlett Associates Work/Life survey, 2003-2004).
- Employees have more control over their work hours in 2002 compared to 1992. They were more likely (43%) to use traditional flextime than employees were in 1992 (29%). Daily flextime usage also increased from 18 to 23% in the past decade (Families and Work Institute, 2003).
- 100% of the 2003 Best Companies for Working Mothers have flexible work arrangements.
- SHRM 2003 Benefits Survey reports that flextime is the second most prevalent work/life benefit, right behind dependent care flexible spending accounts.
- 51% of employees are working at least some of the time from somewhere other than “the office” (WFD, 2002).
- The most commonly used flexible work arrangements are flextime and telecommuting. Fewer employees work part-time schedules or job share (Center for Work & Family, 2000).

HOW DOES FLEXIBILITY IMPACT THE BUSINESS?

“We absolutely need every employee to be fully engaged as business challenges intensify, and flexibility can enable that engagement.”

– OLGA P. BEATTIE
MANAGER
DIVERSITY AND WORK ENVIRONMENT
MERCK & CO., INC.

- The landmark study about implementing workplace flexibility instituted by First Tennessee Bank, as part of the Family Matters initiative, resulted in employee satisfaction that led to a 7% increase in customer retention and a \$106 million profit gain over 2 years (IOMA Report on Reducing Benefits Costs, April 1995).
- 86% of Deloitte's client service professionals cited workplace flexibility as a strong reason for the attractiveness of staying with the firm according to the bi-annual Flexible Work Arrangements Survey conducted in the summer of 2003. Having flexibility enabled Deloitte & Touche to avoid an estimated \$41.5 million in turnover-related costs during fiscal 2003.
- Watson Wyatt's Third Human Capital Index Study (2001/2002) reported a 9% increase in shareholder value stemming from a “flexible, collegial workplace,” with flexible work arrangements, high employee satisfaction, trust in leadership, and managers demonstrating company values.
- 63% of employees from more than 700 companies report high levels of stress with extreme fatigue and feeling out of control. More than half the workforce misses three days or more of work because of stress, and nearly a third come to work at least five days per year when they are too distracted to be effective (Compsych Corporation Press Release, 2003). Flexibility is a stress reducer.
- 60% of high level executives (both men and women) without flexibility in their schedules indicated that they planned to leave their organizations in five years, compared to 49% of executives with opportunities for flexibility (Families and Work Institute, Catalyst, Boston College; 2003).
- 483 professionals and technical employees reported that flexibility has a significant positive impact on their productivity and organizational commitment, if they think they can use flexible work arrangements without a penalty (Harvard University, 2002).
- IBM employees demonstrated that in a “heavy workload” environment, perceived flexibility in the timing of work enabled employees to work an extra day a week before work/life balance became difficult (Brigham Young University, 2001).
- Through their research, Bristol-Myers Squibb learned that workplace flexibility will help them achieve three critical business goals: (1) developing their leadership team by attracting superior talent, strengthening their interactive skills, and facilitating development; (2) strengthening retention, by creating a high contribution workplace and promoting self-management skills, and (3) partnering with employees to manage workload, by enabling more focused performance, preventing burnout, and supporting personal life style choices over time.

HOW CAN FLEXIBILITY BE OFFERED TO EMPLOYEES WITH MORE RIGID SCHEDULES?

Keep business needs primary, but some ideas that have been successful include shift trading, split shifts and self-managed work teams that formulate schedules with employee input (WFD, 1995). Out of the box thinking is required and it is important to focus on "How can we make this work?" instead of "There is no way, we could never have flexibility." When ARAMARK reorganized their Tailor Shop (100 employees) from a standard 5 day schedule to a 4 day, 10 hour compressed work week, they experienced a 5% increase in productivity and a significant decrease in turnover from 60 to 30%.

"Our people want the opportunity to get their work done in the way that makes the most sense for them and their clients -- without regard to the "where, when, or how." We believe that by creating this culture and providing this increased flexibility, we will enhance service to our clients as well as the effectiveness of our people."

– KATHRYN DAVIE WOOD
SENIOR MANAGER
ADVANCEMENT OF WOMEN
DELOITTE & TOUCHE

Kraft Foods is committed to driving flexibility deeper into the organization with a particular emphasis in the manufacturing arena. A Work/Life Summit was held with plant managers, production supervisors, plant HR managers and hourly workers to identify best practices that could be "Fast Adapted" at a manufacturing plant. Six flexible work initiatives were developed for hourly employees working in 24/7 manufacturing facilities including shift swapping, single day vacations and job sharing. A second summit is scheduled for first quarter 2004 to identify the "next generation of work/life initiatives for the hourly population."

WHAT ARE THE ROADBLOCKS TO SUCCESSFUL IMPLEMENTATION?

Even companies that are national leaders recognized for their efforts to promote work/life integration indicate that there are significant roadblocks to implementing flexibility. Findings from the 2003 National Work & Family Roundtable Pulse survey revealed some of the following obstacles:

Nature of work

- Long hours work culture
- Heavy workloads with 24/7 work schedule
- Emphasis on teamwork and project work conflicting with flexibility

Employee concerns

- Negative career implications (career advancement, access to training)
- Requests to work flexibly seen as lack of motivation or low commitment to the organization

Manager concerns

- Equity issues, particularly for those in jobs without flexibility options
- Worry that all employees will want a flexible work arrangement
- Concerns about the impact on clients and customers
- Additional administrative work for managers
- Unsure how to manage for output, rather than face time

Cultural Challenges

- Culture that rewards presence instead of accomplishments
- Assumption that working flexibly means working less, or is a way to get more time off
- Lack of senior management commitment and support - do not understand that workplace flexibility is a strategic business tool
- Resistance to work redesign and reluctance to reduce low value work

ROADBLOCKS	STRATEGIES
Managers do not understand that workplace flexibility is a strategic business tool.	Engage managers in a discussion of how flexibility can address their business concerns and is a key driver of profitability and shareholder value.
Managers are not accountable for creating a work environment where employees and work teams can thrive.	<p>Tie manager performance evaluations to their ability to create a supportive work environment that retains valued employees.</p> <p>Develop a system for tracking flexibility usage; assessing employee and manager satisfaction; and measuring impact on key business factors.</p> <p>If a manager denies a request for flexibility, require that a business-based reason for the decision is documented.</p>
Employees and managers have not received information and training on how to develop, implement and sustain flexible work environments.	<p>Assemble a company-wide task force that includes all employees at all levels of the organization to initiate and monitor a flexibility effort.</p> <p>Create guidelines clarifying responsibilities for all employees - managers, employee requesting flexibility and co-workers – and communicate them in venues such as brochures, web sites and newsletters.</p> <p>Develop a decision-making process for requesting, approving and monitoring flexible work options with a focus on meeting business objectives.</p> <p>Teach employees and managers how to negotiate and maintain successful flexibility arrangements with co-workers and work teams.</p> <p>Deliver mandated training programs that teach managers: 1) how to develop measurable employee performance goals that can be evaluated wherever someone is working, and 2) how to manage virtual work teams.</p> <p>Encourage short-term (i.e., 3 months) flexibility “pilots” or trial runs as a way to encourage managers to test the flexible arrangement, without making a long-term commitment, or to make adjustments for continuous improvement.</p>

STEPPING STONES TO FLEXIBILITY

Striking a Balance principles

- Flexibility is essential in today’s workplace
- Our focus is on business results, not face-time
- Managers should be open to employees’ needs for flexibility
- Managers can’t always say yes, but when they can, they should
- Why an employee needs flexibility is not relevant
- Everyone is responsible for getting his/her work done
- Employees should be prepared to propose solutions
- The goal is fairness, not “treating everyone the same”

WHAT ARE EFFECTIVE STRATEGIES TO OVERCOME THE BARRIERS?

The work/life team at KPMG LLP meets with intact engagement teams to provide tools and resources about flexibility. When employees are developing their team's work plans, they are encouraged to come forward with their personal needs (i.e., I need to be off on Monday to attend a school function, take an elderly parent to the doctor or study for a test). Work teams incorporate employees' personal priorities into the team's work plan and send a message that it's OK for "life" needs to be a part of the agenda.

"Building a flexible work culture takes time and perseverance. At Bristol-Myers Squibb Company, we built a long term strategy that included a series of short term action tools and metrics designed to leverage earlier successes. We have been very deliberate in creating and enhancing the infrastructure critical to building a flexible work culture."

– STACEY GIBSON

DIRECTOR, WORK/LIFE DIVERSITY
BRISTOL-MYERS SQUIBB COMPANY

Flexibility at Eli Lilly and Company is key to enabling productivity in the workplace. Flexible work arrangements are part of a set of tools that employees and supervisors can use to increase productivity and to give employees more control over *how* work gets done. A recent employee survey showed that flexibility is alive and well in the organization but that supervisors need more *training* to further boost the effectiveness of flexible work arrangements.

Deloitte & Touche is currently creating a vision statement, which includes expectations and descriptions of the culture of flexibility, to ensure that there is widespread understanding throughout the firm of what they are trying to create and how they expect to be working in the future. In addition, they are finalizing guidelines and operational tips for working and managing in a virtual environment, to help increase the effectiveness of working in this new way.

IBM is at the cutting-edge of reinventing how, where, and when employees work. In an effort to shape IBM's workforce, they have created a Flexible Work Option Screensaver that will educate all employees on IBM's six Flexible Work Options. The hope is that this approach will educate, improve the culture within IBM and offer employees more latitude in balancing their work and personal obligations.

Flexibility is one of the key pillars of the Women's Leadership Initiative at Marriott. The company recognizes that women and men in the organization are redefining success and to achieve it, they need flexibility to effectively prioritize their work and personal lives. The most important step in addressing the barriers to flexibility is to redirect the focus from face time to productivity and results. By reducing inefficiencies and low value work, Marriott is able to put the control of time back in the managers' hands.

HOW CAN ORGANIZATIONS SUSTAIN THE COMMITMENT TO FLEXIBILITY?

- Create a performance-based culture with less emphasis on hours worked and more attention to important work accomplished
- Consider work redesign to eliminate low value work and more efficient work processes
- Empower work teams to develop flexible work schedules that meet business goals and personal needs
- Communicate how valued employees who work flexibly are successful, not only in their own lives, but also positively contribute to their work teams, satisfy manager expectations and surpass customer needs

SUMMARY AND CONCLUSION

The advantages of a flexible work culture are tremendous. Since organizations must be adaptable in this knowledge economy, flexibility is a tool that allows employees to be responsive to business needs. Flexibility is a low cost or no cost proposition with a high return on investment. It is a way to retain key talent and can reduce stress in a heavy workload environment. Flexibility supports diversity initiatives in embracing differences and maximizing individual contributions. It can provide greater coverage, especially in a global economy, and allows employers to attract a wider pool of workers. The evidence is clear – flexible work arrangements provide significant benefits to both employees and employers. Workers who have more access to flexible work arrangements report greater job satisfaction, significantly better mental health than other employees, are more likely to be committed to their employers and plan to stay at their current company (Families and Work Institute, 2003). Organizations with higher levels of employee satisfaction describe more satisfied customers, higher profits and better return for shareholders.

For a complete bibliography, email cwf@bc.edu.

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About this Series

Written for an executive level audience, the Boston College Center for Work & Family Executive Briefing Series addresses topical and strategic issues of particular relevance to the current business climate. The series highlights research findings, data trends and best practices in a concise format, aiming to foster action-oriented dialogue within organizations. Each issue features an accompanying PowerPoint presentation that captures key points and includes a section for practitioners to customize and add organization-specific data.

About the Center

Since its founding in 1990, The Boston College Center for Work & Family has been a national leader in helping organizations create effective workplaces that support and develop healthy and productive employees. The Center provides a bridge linking the academic community to the applied world of the work/life practitioner and has three main focus areas: research, membership, and education. The Center is committed to enhancing the quality of life of today's workforce by providing leadership for the integration of work and life, an essential for business and community success.

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