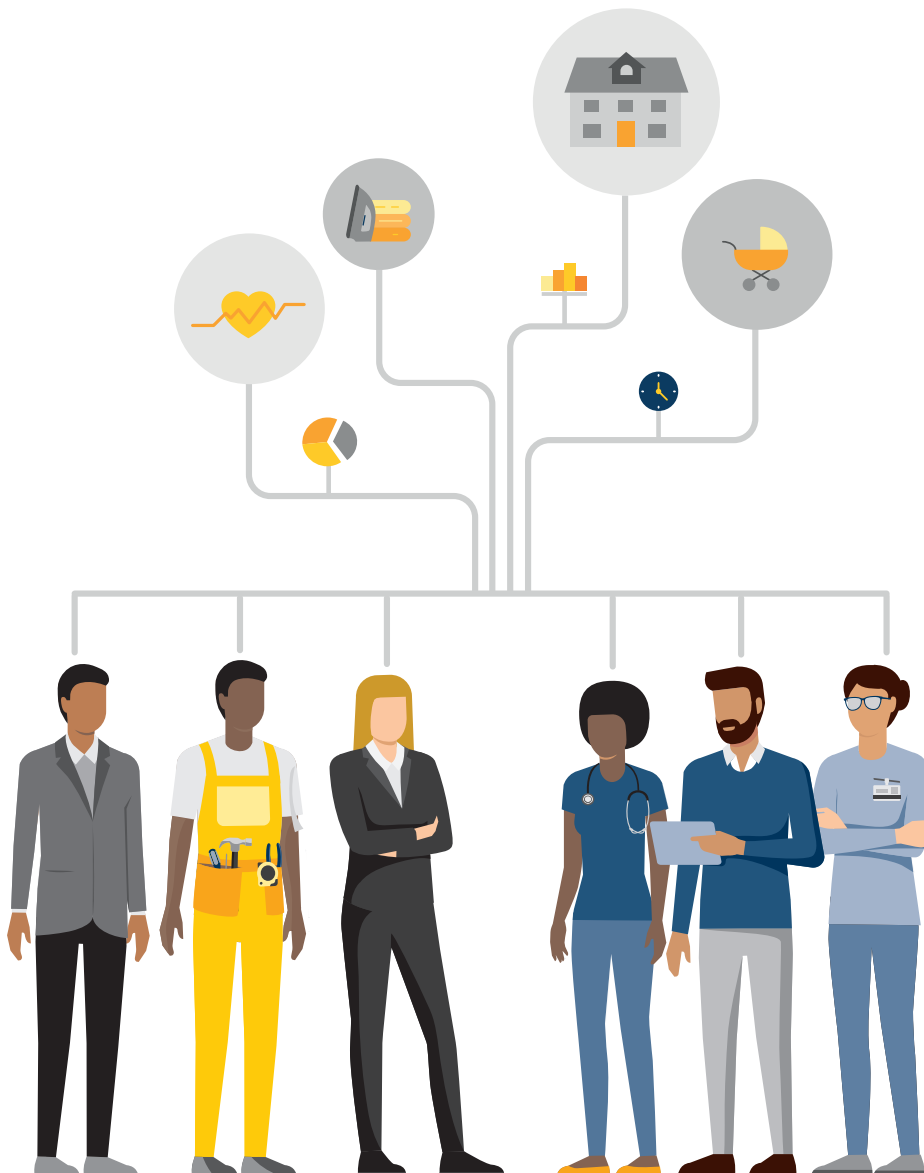


# Flexible working is good for business

The Business Case

February 2019



## Summary

Attracting and retaining diverse talent is crucial to future-proofing the workplace and the Australian economy more broadly. Making workplaces more flexible and responsive to the needs of employees is a key way of doing this.

## The business case for flexible working

Flexible working is increasingly recognised as a valuable way to attract and retain employees across all age groups and genders. It drives employee engagement and productivity as well as boosting employee well-being and happiness. Access to flexible working is clearly linked to:

- Improved organisational productivity
- An enhanced ability to attract and retain employees
- Improved employee wellbeing
- An increased proportion of women in leadership
- Future-proofing the workplace

The proportion of Australian organisations in the private sector with flexible working strategies and/or policies now stands at over 70%.<sup>1</sup> In addition, many organisations have informal flexible working arrangements with their employees.

Access to flexible working arrangements is a key requirement of the WGEA Employer of Choice for Gender Equality citation.

## What is flexible working?

Flexible working is an arrangement which gives employees the ability to have some control over when, where and how work is accomplished.

Some common types of flexible working arrangements include:

- Flexible hours of work
- Compressed working week
- Job sharing
- Part-time work
- Purchased leave
- Telecommuting
- Time-in-lieu
- Unpaid leave



Flexible working is not just for office workers. There are numerous examples of scheduled roles with access to flexibility. Some examples include:

- Giving employees the ability to design their own rosters with remote access through rostering and shift-swapping applications
- Flexible start and finish times
- Combining and sharing roles, for example: four days in an operational role and one day in a role that allows for remote working.

## Improvements in productivity

Many studies have identified positive connections between flexible working arrangements, improved productivity and revenue generation. Successful flexibility policy leads to increased employee engagement and performance, which may lead to improved profits for businesses.

In 2017, the New Zealand financial firm Perpetual Guardian trialled a four-day working week on the condition that employees continued to meet their performance targets. The company reported that employees were happier and that productivity had increased by 20%. The company has now made the four-day week a permanent option for all of its full-time employees.<sup>2</sup>

### Ctrip

A study by academics from Harvard University documented a working from home trial at a Chinese travel agency called Ctrip, which has 16,000 employees. A number of call centre employees were assigned to work from home for nine months. This led to a 13% increase in productivity and performance. Employees attributed the productivity boost to quieter working environments at home. They did 9.2 % extra minutes per day due to starting work more punctually and taking less break time during their shifts due to easier access to amenities such as toilets or a kitchen. Employees who worked from home also took fewer sick days. As a result, wages for participants rose by 9.9% extra a month due to higher bonus payments. The study also found that workers who had not performed as well at home voluntarily returned to the office environment where their productivity returned to previous levels.

(Bloom et al., 2015)

## Employee attraction and retention

Employees are increasingly seeking more autonomy over where, when and how they work. For many employees, flexible working is a highly desirable workplace benefit.

Various flexible work trials that have been undertaken have measured the impact on attrition rates. The CTrip pilot found that employees who were trialling working from home were approximately 50% less likely to leave as employees who remained working from the office.<sup>3</sup> Other benefits that are attractive to employees include timesavings as well as reductions on commuting costs. The same trial reported that employees working from home were saving the equivalent of 17% of their salary.<sup>4</sup>

Studies also indicate that younger employees have different expectations about how they want to work. One study found that millennials expect to work longer than previous generations but they also expect to have the flexibility to work the way that they want to work.<sup>5</sup> In another study by EY, almost 80% of respondents aged between 28-35 reported that they desired the option to work remotely.<sup>6</sup> Employers who are looking to recruit and retain talent from the next generation may find that having flexible working options gives them a competitive edge when it comes to attracting employees.

### Suncorp

Suncorp bank has made significant changes to its operating model in order to accommodate a more flexible way of working for over 600 of its contact-centre staff. Suncorp has implemented 'Work at Home Hubs', which combine home work stations with working spaces attached to regional shopping centres. Contact-centre employees are now able to do most of their shifts from their own homes. Software enables staff to have more control over their own rosters and they can elect to pick up extra shifts when it suits them. Suncorp reports that as a result of these changes they have seen improvement in employee engagement, reduction in employee turnover and increased positive customer experiences.

(Cermak et al., 2017)

## Wellbeing

Unscheduled absences can indicate that employee wellbeing is low and may lead to staff turnover.

Flexible working can give employees the autonomy to balance their other commitments such as caring for children, people with disabilities, the sick or the elderly. Flexible working can also help employees to manage their time to allow for hobbies, studying or to keep fit. One organisation found that employees who participated in a work-from-home trial also reported higher rates of work satisfaction.<sup>7</sup>

A joint study conducted by the University of New South Wales, the Black Dog Institute and the National Mental Health Commission recommends flexible work as an effective workplace intervention. The report found that increased job control was linked to better mental health outcomes among employees. The report also illustrates the benefits that flexible work has for carers of people with mental illness.<sup>8</sup>

A 2010 survey by Bain & Co found that 94% of women and 74% of men surveyed were interested in flexible working arrangements. Despite this high level of interest, only 46% of women and 25% of men had used or were currently using flex.<sup>9</sup> This indicates that not only is there a discrepancy between interest in flexibility and flex use, it also tells us that women are almost twice as likely to use flex as men.

Research undertaken by Beyond Blue identified workplace pressures as a contributing risk factor for high rates of depression among Australian men.<sup>10</sup>

Consciously promoting flexibility to men is a good way to promote gender equality as well as employee health and wellbeing.

## Diversity and women in leadership

Family and caring-friendly working policies are likely to boost the number of female employees in the workplace.

There is a harmful assumption in the workforce that women's priorities change once they have children and that they become less engaged with work. This is known as the 'motherhood penalty'. Contrary to this myth, research shows that women who work flexibly are just as ambitious as their colleagues.<sup>11</sup> Research also demonstrates that companies with more part-time managers have better gender-balance at an executive level.<sup>12</sup> This underscores the impact that flexibility can have on promoting diversity and encouraging women to progress through the pipeline into more senior roles.

## Future-proofing the workplace

Australia has an ageing population and this is expected to have an impact on labour force participation rates as older Australians continue to retire. Overall, participation for all people aged 15 years and over is projected to fall from 64.6% in 2014-15 to 62.4% in 2054-55.<sup>13</sup>

To meet workforce needs, the Australian government has acknowledged that it is important to increase female labour force participation rates at a national level.<sup>14</sup> Changing the way Australians work and making the balance between work and life more realistic for employees at an organisational level is crucial to achieving this goal.

In 2017, the female wife or partner was employed in 70% of all coupled families with dependents.<sup>15</sup> The average Australian family has now evolved beyond the traditional bread-winner/stay-at-home parent model. Many workplaces do not reflect this evolution.

The female labour force participation rate in Australia is still relatively low when compared with a number of other OECD countries including our close peers Canada and New Zealand.<sup>16</sup> The examples set by these countries indicates that there is potential to boost Australia's female labour force participation rates even further. This will help to address the demographic changes across many industries and within organisations as older workers retire. However, Australian families must have the right support and incentives available in order to achieve this.

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