

Flexibility Business Case

Building your business case for flexible work through workforce metrics



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Introduction

Building your business case for flexible work through workforce metrics

Flexibility in where, when and how work is done is increasingly recognised as a valuable way to attract and retain employees, with collective research increasingly showing that flexibility drives employee engagement and discretionary effort.

The Workplace Gender Equality Agency's (WGEA) [strategic approach to flexibility](#) provides a roadmap for employers to make the required organisational changes to support flexible work. It specifies an imperative to build a business case to ensure board, executive and management teams make the required investment in time and capital to deliver the best outcomes.

This toolkit aims to help organisations identify the areas where flexibility could positively influence an organisation's productivity and employee engagement, and provides advice on how to measure the business benefit for flexible working through workforce metrics.

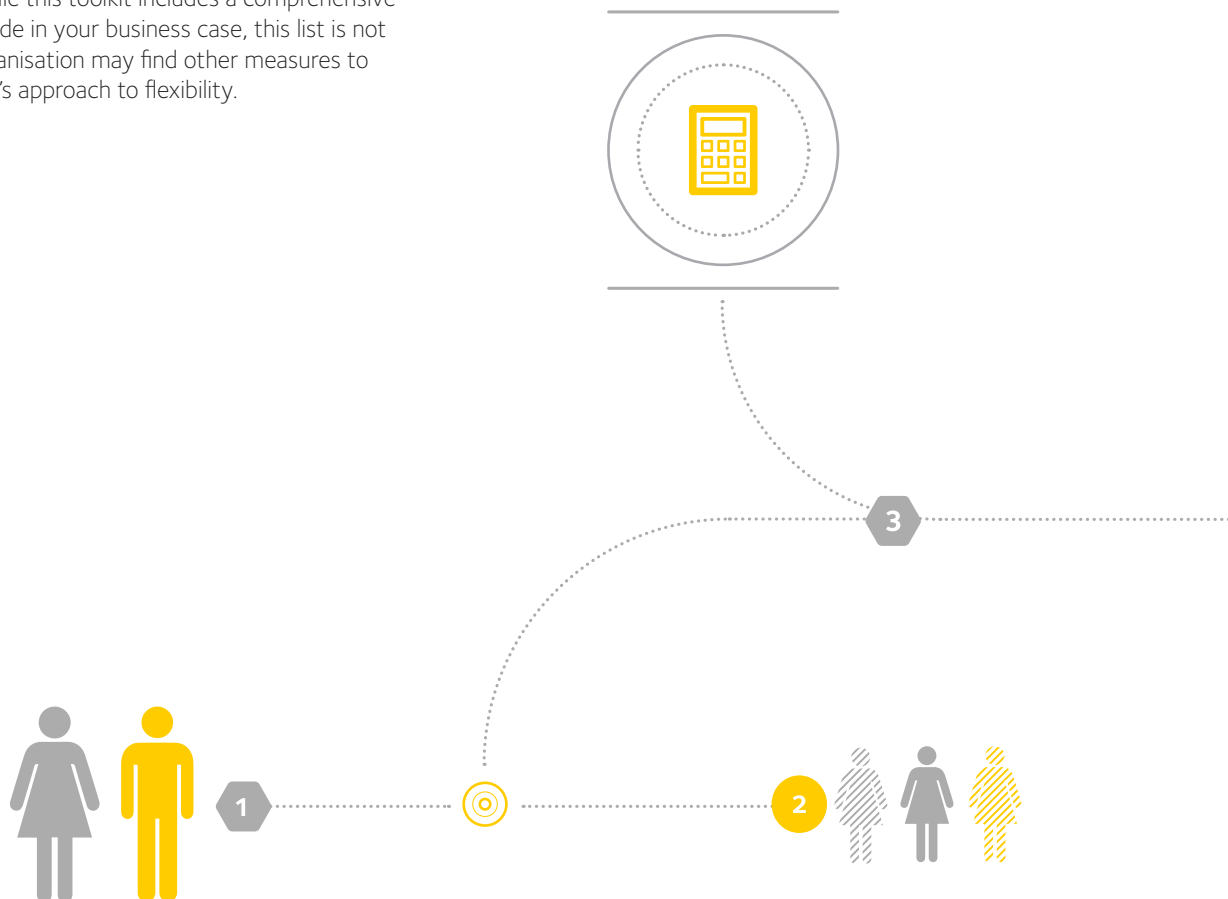
In measuring the benefit of flexible working through workforce metrics, not all data will be available from the outset and organisations will need to focus on the areas where data is available. In addition, while this toolkit includes a comprehensive range of metrics to include in your business case, this list is not exhaustive and your organisation may find other measures to assess your organisation's approach to flexibility.

Specifically this toolkit aims to:

- Identify workforce metric categories and associated metrics to measure the benefits of flexible working
- Provide steps on building your business case for flexibility through workforce metrics
- Provide templates to collect and calculate workforce metrics.

This toolkit is encouraged to be used in conjunction with WGEA's other flexibility toolkits available. These toolkits include:

- Building a flexibility strategy
- Executive briefing on flexibility
- Manager toolkit
- Employee toolkit
- Guidance on developing a flexible working arrangements policy.



Steps to build your business case

A clear business case is an essential prerequisite for building commitment to a flexibility strategy that can lead to effective implementation and positively influence an organisation's productivity and employee engagement.

Basic Flexibility

- A business case is established that clearly articulates the organisation's likely return on investment in flexibility in a trial business area. The business case is compelling and demonstrates the contribution of flexibility to business performance, having looked at both costs and benefits.
- Measurement may include cost savings associated with floor space reduction and improvements in employee engagement.

Embedded flexibility

- A business case is established that clearly articulates the organisation's likely return on investment in flexibility across the whole organisation. The business case is compelling and demonstrates the contribution of flexibility to business performance, having looked at both costs and benefits.
- Measurement may include cost savings associated with floor space reduction, improvements in employee engagement, productivity, client feedback, pulse surveys, reduction in staff turnover, and number of women in leadership roles and talent pipeline.

The aim of this document is to provide organisations with workforce measures to calculate and determine where flexibility can influence and improve business outcomes, utilising industry standard calculations to build a business case for flexible work.

The steps involved in building your organisation's business case for flexibility through workforce metrics are outlined below:

Step 1: Select workforce measures to review

To begin select the workforce measures and associated metrics most relevant to your organisation that you would like to review and benchmark from the categories below.

- uptake and perceptions of flexible work
- attraction of employees
- employee retention
- training investment
- productivity and engagement
- absenteeism
- employee wellbeing
- office space accommodation costs
- workforce composition.

Details on workforce metrics listed in the above categories are included in this document.

Step 2: Collate data

Collate the data required for your selected workforce measures and associated metrics. Please note some data points may take time to collect and will need to be collected or developed over time for a specific reporting period, for example calendar year.

A sample employee questionnaire template and the list of workforce metric formulas covered in this document are available as part of this toolkit to assist with the data collection phase. The data required for the workforce formulas can often be extracted from your organisation's HRIS (Human Resource Information System).

Step 3: Analyse and review your workforce metrics

Once you have collected your workforce data the next step is to analyse the data to be able to calculate and determine how your organisation currently sits across a number of workforce metrics where flexible work can impact and improve business outcomes.

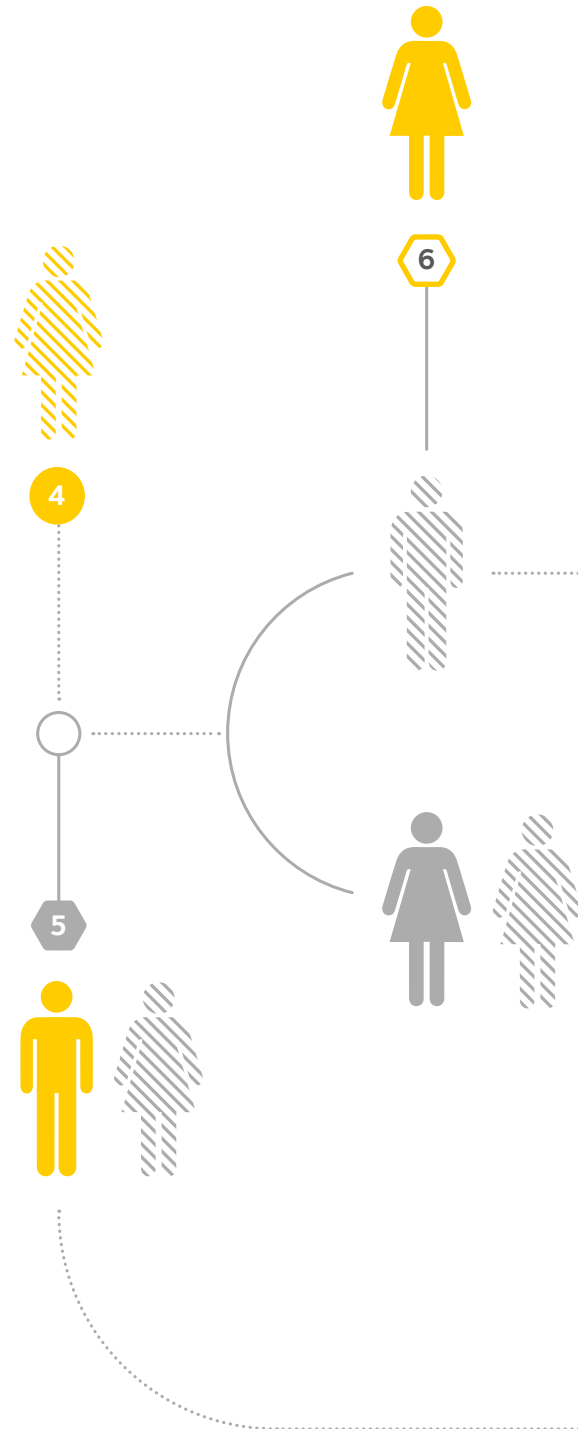
Compare your data against specific workforce metric benchmarks you may have for your organisation internally, and where possible externally against industry peers and competitors through workforce benchmark reports to identify if you have any issues in particular areas or in comparison to the rest of your industry. If you identify a problem, you may have a strong case for considering and implementing change to your organisation's flexibility strategy based on organisation performance and in maintaining industry and competitive standards.

To assess metrics between functional areas, compare the results of employees or teams already engaged in Flexible Work Arrangements (FWAs) with those employees or teams not working flexibly. These results could provide evidence of opportunities for improvement in your organisation's approach to flexibility. It is useful to note that workforce metric benchmark results are often linked to each other, for example, absenteeism can be linked to productivity, engagement and performance.

Continue to measure the specific impact of flexibility in your organisation over time by recalculating each relevant metric at a chosen point after commencing a flexible work program, for example six months to two years later.

If your organisation's flexibility capability is limited, you may see negative affects following the introduction of flexibility.

The final section of this toolkit outlines the areas where flexibility is more likely to negatively impact your organisation if the required investments are not made to support the change.



Metric 1

Uptake and perceptions of flexible work

“ In a tightly regulated industry faced with shrinking margins, few financial institutions can afford to boost compensation significantly. However, there’s one thing they can offer to help attract qualified candidates, as well as engage and retain top talent: flexibility.

PwC’s annual Global CEO Survey found that 59% of industry CEOs viewed a shortage of skilled workers as a threat to the growth of their organisation. ”

Price Waterhouse Coopers
17th Annual Global CEO Survey: Fit for the Future 2014

Flexible Working Rate (FWR)¹

The FWR is the percentage of total employees who have a FWA. Calculating the FWR helps determine the extent to which flexible working arrangements are prevalent within your organisation, as well as the potential impact and linkage to other metrics and measures. Flexible working arrangements are often seen as a desirable workplace offering and can be beneficial for both the employer and employee. A low level of uptake within an organisation offering flexible work may highlight the need to promote and role model flexibility to reap its benefits.

How do you measure FWR?

Some organisations choose to formally document and record FWAs, which provides the most accurate and complete picture of calculating the FWR and the number of employees working flexibly through different flexible work arrangements that may be offered within an organisation.

However, maintaining records on how many employees are utilising FWAs can sometimes be considered a barrier with some FWAs evolving in an informal way and instead employers may rely on employee surveys and feedback at a point in time to measure FWR more informally through employee feedback. This can be done by asking which FWA best describes an employee’s usual work arrangement?

- ➔ **Flexible hours of work:** This is where an employee may vary start and finish times.
- ➔ **Compressed working weeks:** An employee may work the same number of weekly (or fortnightly or monthly) working hours, compressed into a shorter period.
- ➔ **Time-in-lieu:** An employee may work approved overtime and be compensated by time-in-lieu. This can include ‘flexitime’ arrangements where an employee can work extra time over several days or weeks and then reclaim those hours as time off.
- ➔ **Telecommuting:** An employee may work at a location other than the official place of work.
- ➔ **Part-time work:** A regular work pattern where an employee may work less than full-time and is paid on a pro-rata basis for that work.
- ➔ **Job sharing:** A full-time job role is divided into multiple job roles and undertaken by two or more employees paid on a pro-rata basis for their part of the job.
- ➔ Another arrangement with varied hours, patterns or locations of work, e.g. overtime.

Once you have determined the number of employees undertaking flexible working arrangements either formally or informally or both **calculate:**



$$\frac{\text{Total number of flexible employees under FWA}}{\text{Average total number of employees during the reporting period}} \times 100$$

¹Adjusted version of ‘Flexible Work Hours Rate’ taken from the Victorian Public Service Commission, *A Dictionary of People Metrics*. Accessed 25 June, 2015. <http://vpssc.vic.gov.au/wp-content/pdf-download.php?postID=4991>

Employers may find it useful to measure FWR by certain job characteristics to understand which employee categories are utilising FWAs. Dimensions such as job function (e.g. marketing, operations), career level (e.g. executive, management), pay grade, performance rating, as well as gender can be used to assess and measure the FWR within your organisation and the extent to which flexible working positively influences your organisation.

Flexible work satisfaction

“ Flexibility was the fifth ranked employment driver, with 45% rating it as highly important. Flexibility was the top-ranked driver for parents (50%). 18% indicated they had considered resigning in the past six months due to lack of flexibility. ”

Diversity Council Australia, National Survey conducted 2010

Flexible work satisfaction is a measure of employee satisfaction with their flexible working arrangements.



How do you measure it?

Assess responses from employees to the following question in an employee survey.

Question	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
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I have the flexibility I need to manage my work and non-work interests e.g. caring responsibilities, study, sporting interests etc.

Commitment to workplace gender equality

Commitment to workplace gender equality measures the overall support for gender equality in a workplace. This measure is linked to the level of flexible work satisfaction and support employees receive, particularly when reviewing flexibility by gender equality for females and males.



How do you measure it?

Collect employee responses to the following questions:

Question	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
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Senior managers genuinely support equality between women and men.

Our CEO genuinely supports equality between women and men.

“ Key enablers of flexible working are organisational culture and support. A study by Bain & Company and Chief Executive Women, shows respondents most value career progression (75%), visible support for flexible working from manager and team (72%) and respect of flexible work boundaries from manager and colleagues (71%) as the most important factors that improve employees’ experience with flexible working.

The study also reports approximately 60% of men are working, have or want to work flexibly, but so far uptake is not driving advocacy with men more likely to have their request for flexible work rejected at twice the rate as women. To break the stigma and negative sentiment associated with men working flexibly, organisations need to demonstrate commitment, from the CEO level down, to ensure flexible working becomes the norm for both genders. ”

**The Power of Flexibility: A key enabler to boost Gender Parity and Employee Engagement
Bain & Company and Chief Executive Women**

Flexible work support is a measure of several key factors that indicates whether your organisation supports flexibility. It looks at the perceived opportunities for promotion and the actual response to flexibility requests.

Flexible work support



How do you measure it?

Analyse responses to the following questions in an employee survey and compare responses from those employees with a FWA to those not working flexibly.

Question	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
I have the same opportunities for promotion as anyone else with my ability and experience.					
My responsibilities outside of work restrict my opportunities for promotion.					
It is difficult for me to adopt a flexible working arrangement because of a lack of support from my supervisor.					
I am able to access ad hoc flexibility when my needs change on short notice.					
Flexible work is actively encouraged in my work area.					
If I worked flexibly, my commitment to the organisation would be questioned.					
Men are actively encouraged to adopt flexible working arrangements in this organisation.					
Being a part-time manager is an option in this organisation.					

Employee responses to the following questions could provide additional insight into how well supported employees feel when negotiating FWAs within your organisation.

Question		
In the past 12 months have you asked for a change in your work arrangements in terms of flexibility, for example, number of hours, variation in core hours or days, location of workplace (i.e. work from home or a different office), for longer than a month.	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>
	Prefer not to answer	<input type="checkbox"/>
Was your request:	Fully granted	<input type="checkbox"/>
	Partly granted	<input type="checkbox"/>
	Declined	<input type="checkbox"/>
	I have not received a reply yet	<input type="checkbox"/>
	Prefer not to answer	<input type="checkbox"/>
If your request was partly granted, was this outcome:	Satisfactory for you	<input type="checkbox"/>
	Unsatisfactory for you	<input type="checkbox"/>
	Prefer not to answer	<input type="checkbox"/>

Manager quality index²

The manager quality index is a measure of an employee’s perception of the quality of their immediate manager and can be linked to their manager’s support of flexible working. Organisations often choose to measure manager quality using a combination of performance management tools and survey data.



How do you measure it?

Use industry standard performance assessment tools such as HR Scorecard or 360-degree feedback.

Alternatively, collect employee responses to the following questions and link this to flexible working practice.

My immediate supervisor/ manager:	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
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Values differences in people.

Gives me feedback on my performance that I find helpful.

Has discussed my career development needs with me within the past 12 months.

Is supportive of flexible work practice and has discussed flexible working options with me.

Genuinely supports equality between women and men.

²Victorian Public Service Commission (2015), *A Dictionary of People Metrics*. Accessed 25 June, 2015. <http://vpssc.vic.gov.au/wp-content/pdf-download.php?postID=4991>

Metric 2

Attraction of employees

Flexibility is a highly desirable workforce benefit: more than three quarters of parents desire more flexibility in their jobs (Flexjobs 2013³).

“ Of employees globally, 41% say flexibility is one of the most important factors they consider when evaluating a job opportunity⁴ and 43% value flexibility so greatly that they would prefer it over a pay rise. ”

UnifyCo, 2014⁵

Employment brand strength⁶

Employment brand strength is a measure of how attractive an organisation is to potential employees. Measuring the strength of your employment brand and comparing responses from employees on a FWA compared with those not working flexibly can indicate the extent to which flexibility is helping you build your organisation's brand and reputation to attract employees positively.



How do you measure it?

Collecting employee responses to the following questions can provide a measure of employment brand strength.

Question	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
I would recommend working in this organisation to my male friends.					
I would recommend working in this organisation to my female friends.					

³US News: Money (September 12, 2013). What working mums really want. Accessed 27 June 2015
<http://money.usnews.com/money/blogs/outside-voices-careers/2013/09/12/what-working-moms-really-want>

⁴Kelly Global Workforce Index 2013 Employee Engagement and Retention. Accessed 27 June, 2015.
http://www.kellyocg.com/uploadedFiles/Content/Knowledge/Kelly_Global_Workforce_Index_Content/Employee_Engagement_and_Retention_2013_KGWI.pdf

⁵<http://www.unify.com/us/news/2846D70A-ACA6-4146-9B00-955E6114038E/>

⁶Victorian Public Service Commission (2015), A Dictionary of People Metrics. Accessed 25 June, 2015.
<http://vpssc.vic.gov.au/wp-content/pdf-download.php?postID=4991>

Organisation Net Promoter Score

The Net Promoter Score (NPS) is often used by organisations as a marketing tool to provide consumer insights on market perspectives with customers divided into three categories Promoters, Passives and Detractors. A number of organisations are starting to use a variant of the NPS as a key performance indicator (KPI) measure on employee perception as an employee Net Promoter Score (eNPS). The eNPS is based on asking employees whether they would recommend an organisation as a good place to work and can be used to understand the perception of your organisation by employees and the impact flexible working arrangements can have.

In the Bain & Company and Chief Executive Women study²⁰ a NPS was calculated based on respondents answering on a scale of 1-10 'How likely they would be to recommend their organisation as a place to work?' and 'How likely they would be to recommend their organisation as a place for women to progress to senior levels'?

The results in the Bain & Company study found organisations that reported a significantly higher NPS were organisations where flexible working is widely used with a 72 point difference between organisations with no flexible working arrangements (13 vs -59). However, it is important to note that organisations where flexible working is available but rarely used also received a negative NPS (negative 22). By actively encouraging flexible working arrangements and ensuring they are widely used, organisations could gain 35 advocacy points.

Bain & Company and Chief Executive Women Net Promoter Score (NPS) explained

The NPS grouped respondents into three categories: promoters, passives and detractors. NPS is calculated by subtracting the percentage of detractors from the percentage of promoters.

Promoters (score 9 or 10): People who feel that their lives have been enriched by their relationship with their organisation or leader. They behave like loyal employees, typically staying longer and talking the organisation up to their friends and colleagues.

Passives (score 7 or 8): People who are fairly satisfied employees, but not loyal ones. They rarely talk their company up, and when they do, it is likely to be qualified and unenthusiastic. If a better offer comes along, they are likely to defect.

Detractors (score of 0 to 6): Employees who feel their lives have been diminished by their association with their organisation or leader. They are dissatisfied and even dismayed by how they are treated. They frequently speak negatively about their organisation and are likely to leave as soon as they find something better.

²⁰Bain & Company and Chief Executive Women (CEW) (2016), *The Power of Flexibility: A Key Enabler to Boost Gender Parity and Employee Engagement*. Accessed 4 February 2016. <http://www.bain.com/publications/articles/the-power-of-flexibility.aspx>

Metric 3

Retention of employees

Flexibility is highly desirable for many employees and an organisation's ability to attract and retain employees who want access to flexible working arrangements may contribute to greater employee engagement and an organisation's brand and reputation. Anecdotal reports indicate employees who need flexible working arrangements are often less likely to leave their employer if they are provided with desired flexibility as part of their workforce benefits. Flexibility can also help employees resolve issues outside of work, particularly carer responsibilities that may have otherwise hindered their ability to work. Although it is important to note that while flexible work was once only associated with care giving responsibilities, today employees want access to flexible work for a wider range of personal reasons including study and sport.

Outlined below are a number of ways to measure retention and turnover rates. Retention and turnover rates are complementary, but calculated differently because they measure different workforce metrics. Retention answers the question, 'What percentage of all the employee who have walked through our doors are still here for a given period?', while turnover metrics calculate the percentage of employees who have left an organisation over a given period.

Comparing both the retention and turnover rates of employees working flexibly to those not working flexibly will help organisations assess the impact flexible working has on their ability to retain employees. In addition, reviewing the retention and turnover rates by different employee categories (e.g. career level and gender) can help determine where flexible working may be impacting your organisation's workforce.

“ Canadian company Telus found 100% of its mobile and at-home workers were low-risk in regards to leaving the organisation.⁷ ”

Telus: New study demonstrates why Canadian businesses should embrace a flexible working program 2014

“ Flexible IT policies such as the ability to use technology to work from home or use social media play a major role in overall employee satisfaction and retention. Employees without access to flexible IT policies are less satisfied with their job. Only 62% of employees without access to flexible IT policies report feeling satisfied at work. Up to 83% of employees with access to flexible IT policies (such as social media access) report feeling satisfied at work. ”

Deloitte Access Economics; War for talent in the digital economy 2013

⁷Telus. New study demonstrates why Canadian businesses should embrace a flexible working program. 15 September 2014. Accessed 27 June 2015 http://about.telus.com/community/english/news_centre/news_releases/blog/2014/09/15/new-study-demonstrates-why-canadian-businesses-should-embrace-a-flexible-working-program

Retention rate⁸

The retention rate is the percentage of employees who continue to remain employed at an organisation during the period being measured (e.g. calendar year).

How do you measure it?



$$\frac{\text{Start of period headcount plus external hires minus terminations}}{\text{Start of period headcount plus external hires}} \times 100$$

Employee retention index⁹

The employee retention index is a relative measure that determines the extent to which employees intend to leave an organisation.



How do you measure it?

Collect employee responses to the following questions:

Question		
Compared with a year ago, do you feel more or less loyal to this organisation? ¹⁰	More	<input type="checkbox"/>
	Less	<input type="checkbox"/>
	No change	<input type="checkbox"/>
Do you intend to look for a job with another organisation within the next year? ¹¹	Yes	<input type="checkbox"/>
	No	<input type="checkbox"/>
	Not sure	<input type="checkbox"/>
How long do you intend on working for this organisation?	0-6 months	<input type="checkbox"/>
	6 months to 1 year	<input type="checkbox"/>
	1-2 years	<input type="checkbox"/>
	2-5 years	<input type="checkbox"/>
	As long as possible	<input type="checkbox"/>
	Not sure	<input type="checkbox"/>

⁸Victorian Public Service Commission (2015), A Dictionary of People Metrics. Accessed 25 June, 2015. <http://vpssc.vic.gov.au/wp-content/pdf-download.php?postID=499>

⁹Victorian Public Service Commission (2015), A Dictionary of People Metrics. Accessed 25 June, 2015. <http://vpssc.vic.gov.au/wp-content/pdf-download.php?postID=4991>

¹⁰This question is modelled on one in the Kelly Global Workforce Index. Accessed 27 June 2015. http://www.kellyocg.com/uploadedFiles/7-KellyOCG/2-Knowledge/Workforce_Trends/Employee_Engagement_and_Retention_2013_KGWI.pdf

¹¹Kelly Global Workforce Index 2013 Employee Engagement and Retention. Accessed 27 June, 2015. http://www.kellyocg.com/uploadedFiles/Content/Knowledge/Kelly_Global_Workforce_Index_Content/Employee_Engagement_and_Retention_2013_KGWI.pdf

Voluntary turnover rate¹²

Voluntary turnover occurs when an employee either resigns or retires voluntarily from an organisation.

Please note: Voluntary turnover does not include employees who have left an organisation when their employment contract ends or when an employee is made redundant.

How do you measure it?



Number of employee voluntary terminations

Average total employee headcount

x 100 for a particular reporting period
(e.g. six months or calendar year)

Please note: Voluntary turnover can be calculated for the total employee workforce as well as for a particular workforce function (e.g. marketing) or career level (e.g. management employees).

Voluntary turnover reason breakdown¹³

A breakdown comparison of the reasons why employees voluntarily resign from an organisation is known as the voluntary turnover reason breakdown. Employees may leave an organisation for a number of reasons, which can be captured during an employee's exit interview.

How do you measure it?



Voluntary turnover reason

Total voluntary turnover

x 100

¹²Victorian Public Service Commission (2015), A Dictionary of People Metrics. Accessed 25 June, 2015. <http://vpssc.vic.gov.au/wp-content/pdf-download.php?postID=4991>

¹³Victorian Public Service Commission (2015), A Dictionary of People Metrics. Accessed 25 June, 2015. <http://vpssc.vic.gov.au/wp-content/pdf-download.php?postID=4991>

Metric 4

Training investment

Metrics on flexible work training are useful in assessing how much organisations are providing managers and employees to support flexible working arrangements, as well as managing return to work strategies from parental leave and unconscious bias training to improve flexibility for all employees within an organisation.

Understanding the prevalence of training in different areas and linking these to flexible work outcomes for employees and business outcomes can help determine if a relationship exists between other workforce flexibility measures and the training investment. Training investment in flexible work initiatives can also reinforce an organisation's brand and employee perception of support towards flexible working arrangements.

Benchmarks on training investment and associated costs that an organisation can use include:

→ Training cost per employee



$$\frac{\text{Total training cost}}{\text{Average number of employees for a selected reporting period}}$$

→ Number of training hours per employee



$$\frac{\text{Total number of training hours}}{\text{Average number of employees for a selected reporting period}}$$

→ Percentage of employees provided with training



$$\frac{\text{Average number of employees provided with training}}{\text{Average number of employees for a selected reporting period}} \times 100$$

In addition to reviewing the training investment metrics overall and across the employee population for an organisation, each of the training investment metrics can be analysed further by specific employee groups and career levels, as well as the type of training undertaken.

Metric 5

Productivity and engagement

A number of studies and anecdotal reports over the last few years have drawn a positive connection between flexible working and improved productivity and revenue generation. Flexibility can improve productivity through a range of factors, including increased employee engagement and performance.

“ Australian insurance business Suncorp reported a range of improved measures in its commercial insurance claims area, where the majority of employees now work flexibly. These employees now demonstrate high levels of commitment and productivity, leading to high customer satisfaction ratings.¹⁴ ”

Flexibility dividend: why supported employees increase customer satisfaction, 2015

“ At telecommunications company Nortel, nearly all flexible workers (94%) reported their productivity was up – and 65% of managers agreed with them. The average increase in productivity ranged from 15% to 20%. ”

Flexibility UK, 2015

“ 72% of firms participating in a global study by Regus in 2012 said there was a direct link between flexible work practices and increased productivity. ”

Annabel Palmer, a New Approach to 9-5, 2014

“ Availability of flexible work options is an even more critical means to enable greater workforce participation for new parents. 22% of men and women reported the availability of flexible options was important in their choice to return to work as reported in the Bain & Company and Chief Executive Women study. Bolstering childcare options, in conjunction with flexible work options, could significantly help with employee retention and improve the overall productivity of Australia’s workforce. ”

**The Power of Flexibility: A key enabler to boost Gender Parity and Employee Engagement
Bain & Company and Chief Executive Women, 2016**

¹⁴University of New South Wales Business School (2015). Flexibility dividend: why supported employees increase customer satisfaction. Accessed 29 June 2015 <https://www.businessthink.unsw.edu.au/Pages/Flexibility-dividend-Why-supported-employees-increase-customer-satisfaction.aspx>

Employee engagement

Employee engagement can be influenced by a range of factors, including compensation and benefits, job fit, relationship with management and peers, alignment of business purpose, strategy and roles, and flexibility.

Analysing the engagement scores of those working flexibly with those not working flexibly will measure the impact flexibility has on engagement.

Due to this complexity, employee engagement survey providers are best placed to help measure engagement. However, a manager's support and quality index has been identified as having a significant impact on engagement. In fact, a recent survey found 63% of employees say their direct manager has a significant impact on their satisfaction and engagement levels.¹⁵

Canadian firm Telus increased its engagement scores from 53% to 83% simply by introducing a flexible working program. In another example, Cranfield University found that flexible workers had higher levels of organisational commitment.

Women who work flexibly are equally, if not more, confident and committed to career progression than women who do not as reported in the Bain & Company and Chief Executive Women study. The report also indicates 53% of women currently using flex models aspire to be senior business leaders or executives, compared to 43% of women who have not used flex models.⁷

¹⁵Kelly Global Workforce Index 2013 Employee Engagement and Retention. Accessed 27 June, 2015.
http://www.kellyocg.com/uploadedFiles/Content/Knowledge/Kelly_Global_Workforce_Index_Content/Employee_Engagement_and_Retention_2013_KGWI.pdf

Metric 6

Absenteeism

Unscheduled absence metrics indicates both lost time and productivity loss organisations experience due to sick leave, worker's compensation and other miscellaneous reasons. Unscheduled absences can also be an indication of poor employee morale and can be linked to likely turnover in the near future.

Organisations with flexible working practices, particularly in relation to telecommuting, generally report a decline in absenteeism with a number of anecdotal reports outlining the link between reduced absenteeism and flexible working arrangements. One reason for this decline is that flexibility often gives employees the opportunity to adjust their work schedule or location to be able to manage absences due to caring responsibilities or other personal commitments.

Unscheduled absence per employee¹⁶

Unscheduled absence per employee is the total days of workdays employees have been absent divided by the average number of employees for a selected reporting period, for example calendar year.

How do you measure it?



Total number of workdays employees have been absent

Average number of employees (Full Time Equivalent) for the reporting period

¹⁶Victorian Public Service Commission (2015), A Dictionary of People Metrics. Accessed 25 June, 2015. <http://vpssc.vic.gov.au/wp-content/pdf-download.php?postID=4991>

Metric 7

Employee wellbeing

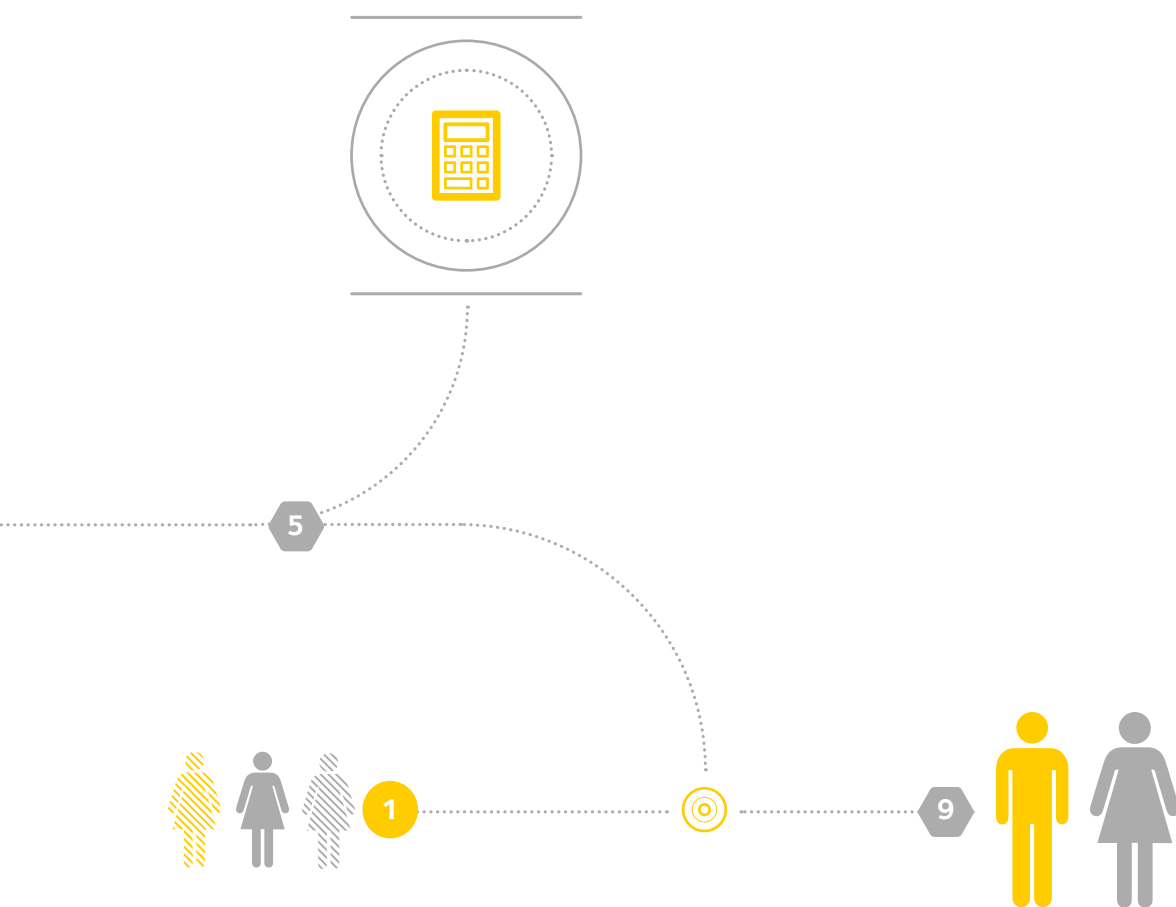
Flexibility helps employees manage their work and life commitments while enabling them to work in a way that better suits their lifestyle and schedule. This can lead to lower stress levels and improved health outcomes.

Work health and safety incident rate

The work health and safety incident rate is a measure of the rate of work health and safety incidents. Comparing the rate of incidents amongst flexible workers to those not working flexibly will provide an indication of the extent to which flexibility is contributing to a healthier and safer workforce.

Wellbeing index

The wellbeing index offers a comparison of employees' wellbeing at work. Wellbeing is defined differently across organisations and often overlaps with metrics such as engagement. It is best to seek information from a range of sources to understand how to assess wellbeing in your organisation, such as the Australian Psychological Society and BlackDog Institute.



Metric 8

Office space accommodation costs

One of the most documented benefits of flexible working for organisations is the potential to reduce office costs through flexible working arrangements such as working from home, particularly when organisations adopt Activity Based Working (ABW). In workplaces using ABW, individuals are not assigned desks, so fewer desks are needed. Some reports indicate ABW can typically reduce the amount of office space required by up to 30%, reducing recurrent occupancy costs. Studies have also shown clutter and paper usage in the workplace is significantly reduced through ABW arrangements.

In 2012, KPMG shifted to activity based working and created in-office 'neighbourhoods' for 80 staff in its Sydney building. Employees chose from 'focused' areas on the rim, comprising desks with high partitions, and more collaborative spaces, with sofas and the like, in the building's centre. The reorganisation resulted in 82% of participants reporting the arrangement allowed them to better connect and collaborate with colleagues, and 75% felt their productivity either increased or remained consistent.

The reorganisation also slashed the amount of office space required per person by up to 35% and paper use by 65% (KPMG: activity-based workplace reorganization, Human Resource Media, AHRI Report <http://www.hrmonline.com.au/section/featured/kpmg-activity-based-workplace-reorganisation>)

However, it also important to note and consider that a number of anecdotal reports indicate that ABW has impacted and reduced employee satisfaction levels and ABW may not suit all organisations.

Accommodation cost per employee

Accommodation cost per employee is one of the common measures to be able to quantitatively assess an organisation's expenditure to house an employee and in turn the business benefits for flexible and activity based working. amongst flexible workers to those not working flexibly will provide an indication of the extent to which flexibility is contributing to a healthier and safer workforce.

How do you measure it?



$$\frac{\text{Total accommodation cost}}{\text{Average number of employees (FTE)}}$$

“ Does working from home (WFH) work? Evidence from a Chinese experiment

We report the results of a 'Working from Home' experiment at Ctrip, a 16,000-employee, NASDAQ-listed Chinese travel agency. Call centre employees who volunteered for the work-from-home (WFH) experiment were randomly assigned to work either from home or in the office for nine months. Home working led to a 13% performance increase, of which 9% came from working more minutes per shift (fewer breaks and sick days) and 4% from more calls per minute (attributed to a quieter and more convenient working environment).

Home workers also reported improved work satisfaction, and their attrition rate halved. Due to the success of the experiment, Ctrip rolled out the WFH option to the whole firm and allowed the experimental employees to re-select between the home and office. Interestingly, more than half of them switched, which led to the gains from WFH almost doubling to 22%. ”

Published by Oxford University Press 2014²¹

²¹Oxford Journals (2015), The Quarterly Journal of Economics, *Does Working from Home Work? Evidence from a Chinese Experiment*. Published on 26 February 2016. <http://qje.oxfordjournals.org/content/early/2015/02/08/qje.qju032.abstract>

Metric 9

Workforce composition

Flexible work arrangements can give employees alternative employment and work opportunities to balance other commitments and provides options for people who find it difficult to work the conventional Monday to Friday, 9 to 5 working week. For example, a 2012 survey reported 60% of mature workers said they would work from home if it were available to them, delaying retirement by an average of 6.6 years¹⁷. The same survey found almost three quarters of people not in the labour force with family or carer responsibilities would do the same¹⁸. Flexibility could therefore result in a change in workforce composition among groups that otherwise have limited participation, such as people with carer responsibilities, mature age workers and people with disabilities.

Workforce composition metrics allow organisations to monitor the workforce demographic profile to be able to determine gender ratios and whether an organisation has an ageing workforce. Such measures in turn can assist organisations to develop their flexible work strategies accordingly for maximum business and employee benefit. Each of the measures can be reviewed aggregately across the workforce as well as by different employee groups (e.g. career level, gender, age) and can help to determine where flexible working may be impacting your organisation's workforce.

Employee workforce demographic metrics include:

Gender composition¹⁹

Gender composition is the breakdown of your workforce by gender.

How do you measure it?



$$\frac{\text{End of selected reporting period headcount by gender}}{\text{End of selected reporting period headcount}} \times 100$$

Age breakdown

Age staffing breakdown measures the distribution of headcount by age at the end of a selected reporting period.

How do you measure it?



$$\frac{\text{End of selected reporting period headcount by age}}{\text{End of selected reporting period headcount}} \times 100$$

¹⁷Deloitte Access Economics and Colmar Brunton (2012). Creating jobs through NBN-enabled telework.

¹⁸Deloitte Access Economics and Colmar Brunton (2012). Creating jobs through NBN-enabled telework.

¹⁹Victorian Public Service Commission (2015), A Dictionary of People Metrics. Accessed 25 June, 2015. <http://vpssc.vic.gov.au/wp-content/pdf-download.php?postID=4991>

Part time percent of staff

Calculate at the end of selected reporting period.

How do you measure it?



$$\frac{\text{Average total number of part-time employees (headcount)}}{\text{Average total number of employees (headcount)}} \times 100$$

Tenure

Average length of service in your organisation provides an indication of the commitment of the workforce and effectiveness of efforts to retain employees.

How do you measure it?



Average length of service of employees

Parental leave taken

Understand how many employees within a selected reporting period (e.g. six months, calendar year) have taken parental leave as a percentage of the workforce for both primary carer and secondary carer.

How do you measure it?



$$\frac{\text{End of selected reporting period headcount taken parental leave}}{\text{End of selected reporting period headcount}} \times 100$$

Areas of potential negative impact

Achieving positive results from a flexible working strategy requires a commitment from leadership and a new capability from management. As a result, some organisations may see negative impacts if the required investments – in manager capability and technology in particular – are not made.

This section provides key metrics that could be negatively impacted by poorly managed flexibility.

You can use the [readiness assessment tool](#) to discover your organisation's current position on the flexibility journey.

Employee attraction and retention

Flexibility will only help you attract and retain employees if the promise of flexible working translates into reality. Moreover, a flexible working strategy that creates a culture of work anywhere, everywhere and all the time can create unreasonable work intensification that prompts employees to leave. It is important to identify in an organisation's flexible work policy and strategy the extent of flexible work arrangements that are available and to communicate any limitations clearly to staff, for example, not all flexible work requests can be fully approved.

Promotion rate and performance evaluation scores

One of the often-reported risks of flexibility is reduced potential for advancement. Flexible workers talk about being 'out of sight, out of mind' or having their performance assessed more harshly because their efforts are not as visible. In addition, part-time employees are often seen as less committed to their career and so are overlooked for promotions. Breaking down the number of promotions and the performance scores by those working flexibly and those not will help you assess if this problem is occurring in your workplace.

Wellbeing

Flexibility helps employees manage their work and life commitments. As noted above, this increased control can lower stress.

Nonetheless, stress levels can rise if flexibility is poorly managed. For example, not redesigning part-time roles to allow the required work to be delivered in fewer hours, can lead to employees feeling over-worked and resentful and as such it is important to review flexible work requests together with the organisation structure and workforce plans.

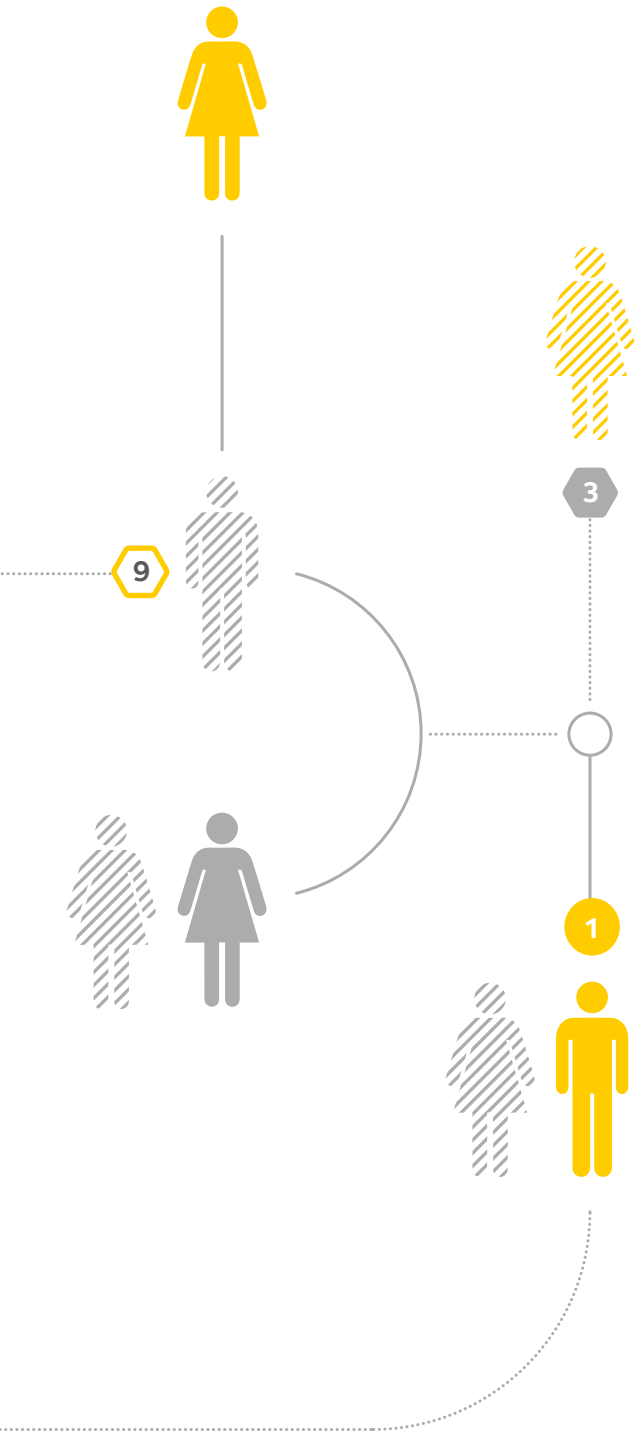
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Acknowledgements

The Agency would like to acknowledge and thank Nina Sochon for her involvement in the development of this document.





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