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World Of Work Insight:
Putting Flexible Work Arrangements into Practice

Manpower®

In This
Article

- The benefits of implementing Flexible Work Arrangements and why it is an important practice in today's world of work.

- Determining if FWA is for your organization through employee engagement and cost benefit analysis exercises.

- Identifying the FWA that would be suitable for your business.

- The steps to implementing FWA.

"The latest concept promising an extraordinary shift in the way we work is that of flexible working. Academics and business analysts agree flexible working has enormous potential to improve productivity, increase employee job satisfaction and bring about direct cost-savings to the business."[1]

Introduction

As workers are becoming more sophisticated and global socio-economic patterns change in today's modern society, the way we work is also changing. Latest trends in the workplace show that the flexible work arrangement (FWA) – work practices that allow employees to have more variable schedules beyond the eight-hour workday – is gaining popularity given the existence of technologies like the Internet, video conferencing and now, cloud computing. In addition, individuals are seeking more work-life balance to care for their families and also their own well-being, so they desire greater freedom to fulfill their work obligations. Traditional nine to five work is gradually becoming a thing of the past.

In a world where consumers are demanding better products and services, employers are also faced with the challenge of finding skilled workers to suit the business needs.[2] Implementing flexible work arrangements will not only attract in-demand talent into the workforce, but also retain them over the long term.

Why Flexible Work Arrangements Should be Considered

The workforce is shrinking

The Manpower *2010 Talent Shortage Survey* revealed that 31 percent of employers across the globe are finding difficulty in filling jobs due to lack of suitable talent available in their markets. In the Asia Pacific region, talent shortages are becoming more chronic with 41 percent of employers citing difficulty in finding suitable talent to suit their business requirements.[3]

In the Malaysian labor market, skilled workers comprise only 27 percent of the total workforce compared to Singapore, Taiwan and Korea which have over 30 percent of their total workforce in the professional and skilled category.[4] This means that Malaysian employers must invest greater resources to find skilled workers to meet their business needs and for Malaysia to be more competitive in the regional war for talent.

There is also a talent mismatch as the supply of graduates in Malaysia is inadequate to meet the demands of business. Based on recent reports, the unemployment rate amongst local graduates is high with seven in 10 graduates from public institutions being unemployed, 26 percent for private institutions and 34 percent of foreign graduates who could not find work.[5] A survey conducted by the government's Economic Planning Unit reveals that the low employability of graduates is attributed to lack of experience, lack of communication skills, poor command of the English language and university disciplines that are not relevant to the jobs available.[6]

Case Study: Private Sector

EDS New Zealand offers flexible working options for its employees that enable them to work from home for all or part of their working week. The arrangements are made on an ad hoc basis or a formal agreement. The company provides assistance in setting up a home office for those working from home for five days a week and pay for any ongoing technology costs.

Its employees generally choose to work from home due to caring responsibilities or to avoid the long daily commutes as their offices have been relocated from the central area to the northern region. EDS New Zealand is confident that they can improve staff retention and productivity including reducing absenteeism as there is a high level of appreciation of this work arrangement provided.[7]

Case Study: Public Sector

Malaysia's Public Works Department (PWD) piloted their work from home program in 2010 with a three-month trial period. PWD kicked off the program with 35 draftsmen based on their observation that draftsmen spend most of their work and time on the computer, which could be carried out at home. By having them work from home, employee traveling expenses would be reduced, furthermore allowing greater work-life balance. These employees will only need to report to the office once a week. PWD is expecting to reap the benefits of this program in terms of improved staff welfare, quality of work and cost savings for the department.[8]

Untapped potential

Under-represented populations such as women, older workers, retirees and people with physical disabilities hold great potential if they can be integrated into the workforce. In recent years, efforts are being stepped up globally to tap into this talent pool which possesses the required skills and talent for businesses.

In Malaysia, women make up more than half of the tertiary educated population. However, less than half of them get absorbed into the workforce. The entry of new female graduates into the workforce is low at approximately 30 percent and women often drop out of the workforce between the ages of 25 to 34 due to household and family responsibilities.[9] In the 2008 Labour Force Survey, 67.7 percent of women cited that as reasons for not seeking work.[10]

People with disabilities have the potential to work given the right work arrangements. From the same report, 1.7 percent of the working age population cited disabilities as reasons for not seeking work. Out of this group, 41 percent possess secondary school certificate, 1.7 percent possess higher secondary and basic skills certificate, and 1.1 percent have diploma and degree qualifications.[11]

Persons between 55 to 64[12] years of age comprise just 6.8 percent of the Malaysian labour force. Efforts must be made to retain these workers as they possess vital knowledge, skills and experience that are lacking in younger generations of workers. When older workers leave a job after many years of service, an organization loses the experiential knowledge that has been accumulated resulting in remaining employees potentially having to reinvent the wheel in search of answers or recreating reports and analysis that have already been done before.[13] This impacts the organization's productivity and efficiency. Far-sighted or smart organizations will work to have strategies in place that allow them to transfer knowledge from older to younger workers and address the retention of older workers.

Improved Sustainability

A better environment

As organizations strive to develop more sustainable business practices environmental concerns are more important than ever. Individuals too are becoming more conscious of the environment and are making efforts to reduce their carbon footprint and energy consumption. Malaysia's CO_2 emission index is at 7.2 metric tons per capita compared to the 3.8 average for East Asia and Pacific.[14] Daily commuting contributes to environmental damage through CO_2 and other emissions. Some workers spend up to four hours a day just traveling to work and back, according to the Ministry of Transport Malaysia.

Solutions are then required where unproductive and resource-wasting activities such as hours of commuting can be minimized. This can be found in flexible work arrangements as the need for people to commute on daily basis or during peak hours are lessened and thus reducing the consumption of fuel which is already a scarce natural resource.

Cost reduction

As real estate prices for commercial spaces continue to increase, businesses are finding more efficient use of space for their office. Allowing employees to work remotely or coming to the office only when necessary can reduce real estate costs by not having to assign permanent work stations. "Hot desking", where employees do not have allocated workstations but simply use available desks, is becoming a permanent concept as a means to reducing real estate costs. This is particularly popular in organizations with a large sales force or consultants who work off site most of the time.

Expenditures on space and utilities can be reduced as organizations need not have the entire workforce at the office premises. Cisco conducted a study and found that the average utilization of assigned work space is only 35 percent.[15] Even though employees clock in at work, they do not actually spend a lot of time at their desks.

Case Study: Government Initiatives

In Singapore, the government introduced "Flexi Works!" program to encourage companies to implement flexible work as part of a work-life balance campaign. Companies are incentivized when they first include flexible work in their human resource policy and subsequently hiring those above 30 years old and have been unemployed for at least 3 months to work on a part-time or flexi-time basis. This encourages women to re-enter the workforce as well as providing employment opportunities to those who have been unable to find work.[16]

Increased Performance

Increased employee satisfaction

Employee satisfaction improves as workers gain work-life balance by being able to prioritize their daily lives, and perhaps spend more time caring for their families or pursuing a hobby. The well-being of our future society is dependent upon the present young generation growing up in a stable, learning environment. In some cases, financial burden on the employee is also lifted if daycare expenses are reduced because a FWA allows the mother and father to juggle parental duties with work.

Increased productivity and reduced absenteeism

Studies have shown that organizations receive up to six times in dollar returns in reduced absenteeism, increase in staff retention and increase in motivation, for every dollar spent on the implementation of flexible work arrangements.[17] This translates to a happy workforce which leads to an increase in productivity. As the world of work becomes more sophisticated, the focus becomes lesser on the conventional time-oriented performance but rather goal-oriented performance. Based on a survey of companies in Malaysia that implemented flexible work arrangements, 53 percent report enhancement in job performance by their employees, 37 percent report an increase in productivity and 21 percent see a reduction in absenteeism. [18]

Attracting and retaining talent

By instituting flexible work arrangement policies, employers are able to not only attract skilled individuals but retain them, especially female employees as they tend to drop out of the workforce when they start to have family responsibilities. Employers are even able to expand their talent pools and attract talent from further locations when individuals are given the option to work remotely.

The Enabler: New technologies

The Web 2.0 technologies, cloud computing and video conferencing enable people to connect and work remotely without having to physically be at the office. These technologies are the catalysts driving contemporary ways of working, thus enabling us to effectively manage time as well as productivity.

Challenges

Although the benefits and rationale of implementing flexible work arrangements are evident, employers have yet to embrace their use for a number of legitimate reasons.

Employers find complications in protecting company data as employees become mobile and work is being done outside of the company's firewalls. Managers also have difficulty supervising and monitoring employees under flexible work arrangements.[19] These become challenges when there is lack of clarity in data protection legislation and trust between the employer and the employees. Malaysia will soon have privacy-specific legislation as the Personal Data Protection Bill 2010 was already tabled and the bill was passed in April 2010.[20]

Many organizations also require a shift in mindset regarding how success at work is defined. A traditional organizational culture that stresses hours worked rather than results delivered could find it a challenge to embrace the FWA due to the embedded culture. This type of culture would also cause a low participation rate amongst employees as they fear that not being seen will compromise their careers.

Under flexible work arrangements, employers must also set clear guidelines about when they are expected to show up at the office.

The above challenges, however, should not deter employers from considering contemporary forms of work arrangements. Change is constantly required for organizations to stay ahead in the world of work.

Trends

In Malaysia, out of approximately 100 employers, 18 of them provide flexible working hours and six of them have plans to implement it. The most popular form of flexibility implemented by employers in Malaysia is flexibility to start and complete work at any time with the fulfillment of fixed number of working hours every day. The second most popular FWA is home-based work or the home office arrangement.[21]

Is the Flexible Work Arrangement right for your organization?

There are many advantages to implementing flexible work but it may not be pragmatic for every industry or organization or for every job role. In this regard, how can an organization decide if the FWA works for them? Manpower has developed a ready-to-use framework to determine if this work arrangement is suited to an organization. Key considerations include getting employee feedback via surveys, determining the operational needs and working out the cost-benefit analysis.

Step 1

First, there is the need to gather some input from the employees on their receptivity towards flexible work arrangements. Employees need to rank, in order of importance, their views on work-life balance and how critical it is to them at their current stage in life.

Employee Survey

Questions	1 Not important	2 Somewhat Important	3 Neutral	4 Important	5 Highly Important
What is your view on the importance of work life balance?					
Based on your current lifestyle or phase in life, is having a work life balance important?					
If you are a manager or supervisor, do you think that it is important for your staff/team to be at the office at all times, if not most of the time?					
Do you think it is important for the company to implement flexible work policies or arrangements?					
Rank in order of importance the following work arrangements: Working from home Telecommuting/Teleworking Flexibility in work hours Working part-time Replacement leave for additional hours performed Compressed work week Childcare facilities at work					

Step 2

Second, based on the results from the survey, place the importance of each category and the achievability of the said initiatives, including the organization's operational needs. This would give the management a view on what the important factors are for its business and employees against what would be achievable, which will have impact on implementation. Based on the rankings on importance and achievability of flexible work, the management can then prioritize the initiatives that they could implement.

Flexible Work Needs

	Areas	Importance 1 (low) – 5 (high)	Achievability 1 (low) – 5 (high)
Employee Work Life Needs	Working from home		
	Telecommuting/Teleworking		
	Flexibility in hours		
	Working part-time		
	Replacement leave for additional hours worked		
	Compressed work week		
	Childcare facilities		
Operational Needs	Customer contact time		
	Manpower requirements during peak periods		
	Equipment (hardware, software), technology and connectivity		
	Real estate		
	Interdepartmental processes and operating procedures		
	Occupational Health & Safety (mobile work, working at home)		

Step 3

Finally, a cost-benefit analysis needs to be conducted to determine the benefits of flexible work arrangements to the organization. Itemize the current spend and estimate the total potential savings or increase in total expenditure for the next two years. This would allow the management to make informed decisions on the implementation of flexible work.

Cost-Benefit Analysis

Items	Current Yearly Expenditure (value)	Potential Savings or Increase in expenditure "( )" from Flexi-work in Year 1 (value)	Potential Savings or Increase in expenditure "( )" from Flexi-workin Year 2 (value)
Real Estate			
Staff claims (medical)			
Staff leave days			
Transport allowance			
Office premise parking			
Equipment for office			
Equipment for mobile workforce, home set up.			
Connectivity (phone, internet, video)			
Childcare facilities or creche			
Staff attraction - advertising and recruitment			
Staff retention activities/exercise including training			
Staff attrition – administration, pay out on balance leave			
Insurance – real estate			
Insurance – staff			

Implementation

In order to effectively manage flexible work policies, employees who wish to work under such arrangements must first make their intentions known to their manager and apply for it. Applications are by no means to be mistaken for further bureaucracy of the system but to avoid abuse of flexible work arrangements and also to keep track of the participation rates by the employees. It must also be communicated to employees that the information required is to assist the organization in preparing for the necessary resources and operational needs. Organizations also need to be clear about which of their job roles will be suited for the FWA – not all job roles will be.

Employee Flexi-Work Request Form

Name:	Department:	Date of application:
Designation:	Name of Supervisor/Manager:	Name of spouse/next of kin: Contact number:
Office location:	Home address: Contact number: Home: Mobile:	Are you a Permanent/Contract Employee:

Direct Reports (if applicable): *use separate sheet if necessary*

Name:	Position:
Name:	Position:
Name:	Position:

Applying for:

- ☐ Home Working
- ☐ Flexible Work Hours
- ☐ Compressed Work Week
- ☐ Telecommuting / Teleworking

- ☐ Part Time Work
- ☐ Replacement Leave for Extra Time Worked
- ☐ Childcare Support Facilities

State Reasons for Application:

1. Please provide an estimate percentage of your time that is customer facing on a daily basis:

_____

2. What is your department's work peak periods (e.g. every month end / financial year end / every Monday)?

_____

3. State how long you intend to be placed under the applied work arrangement (e.g. 3 weeks / 2 months / 1 year):

_____

4. Are the reporting lines clear between you and your supervisor or direct reports if you are placed under the applied work arrangements? (Yes / No)

_____

5. Will you be able to be contacted immediately and report to office on a short notice, if circumstances call for it? (Yes / No)

_____

6. If 'No', please state reason:

_____

7. Do you currently have internet connectivity away from the office? (Yes / No)

_____

Employee Signature:

For Office Use:

☐ Approved by Supervisor/Manager   ☐ Not Approved by Supervisor/Manager

                                                    Reason(s):

Employee to begin applied work arrangements on (date):   ☐ More information required for case

                                                    ☐ Job scope does not allow for it

                                                    ☐ Insufficient manpower or resources

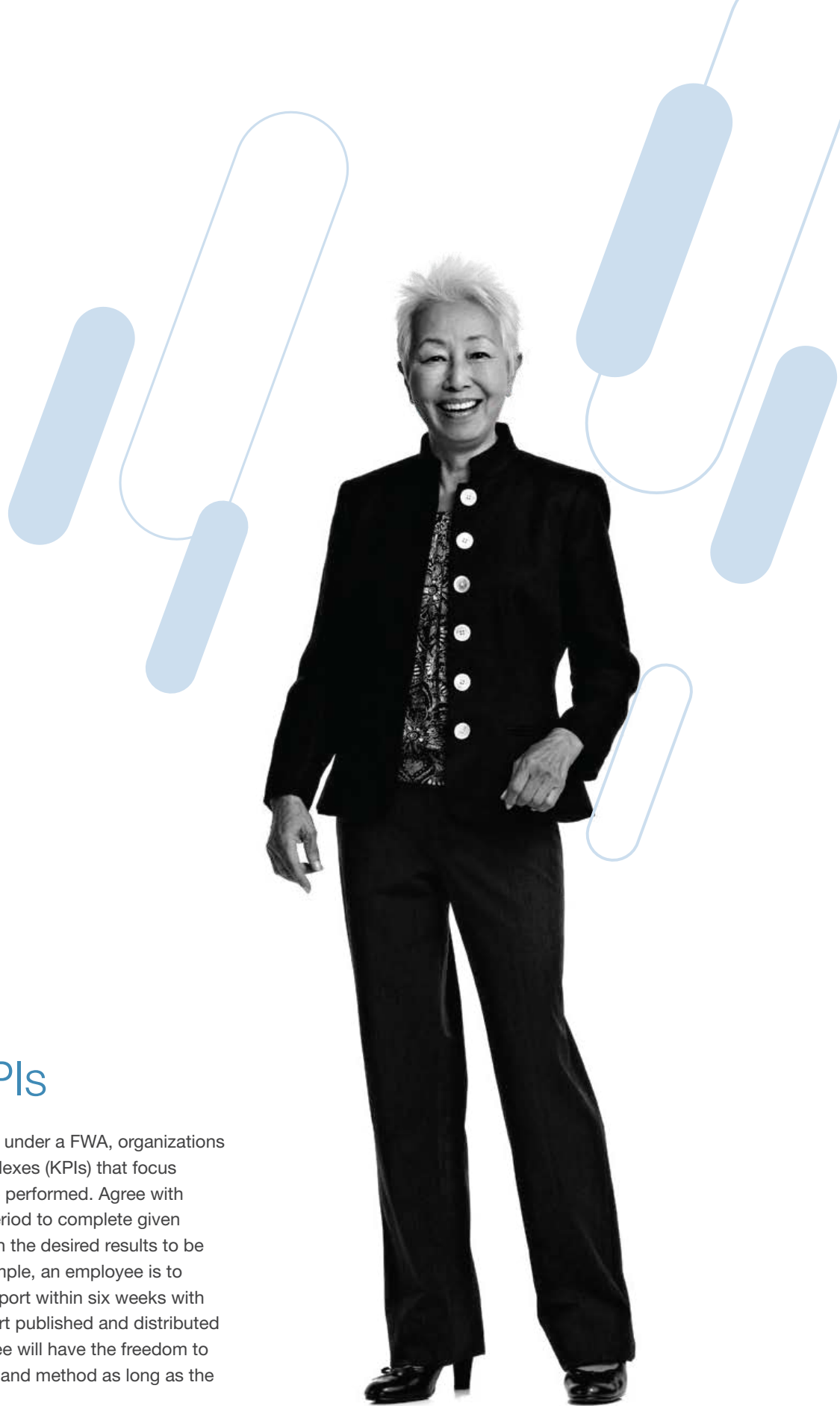   ☐ Needs further review

Manager's name:

Designation:

Date:

Signature:

Developing KPIs

In managing employee performance under a FWA, organizations should develop key performance indexes (KPIs) that focus on tasks completed rather than time performed. Agree with the employee on a specified time period to complete given tasks which are then associated with the desired results to be achieved from those tasks. For example, an employee is to complete a research and analysis report within six weeks with the desired result of having the report published and distributed to two hundred clients. The employee will have the freedom to work at his or her own suitable time and method as long as the results are delivered on time.

The Next Steps

Communication

Employees must be made aware of the importance of the flexible work arrangement and the positive effect it has on the organization. They also need to be assured that participating in a FWA is acceptable and it will not compromise their career as rewards are based on outcomes of their tasks rather than hours worked.[22]

Once that is established, employees need to be briefed on the lines of reporting and processes to be adhered to when it comes to working under flexible arrangements. Regular communication is required to ensure that tasks are done according to requirements and timeline. It is also important to stress that they must report to and gain prior approval from their line managers if they wish to work from home, as this will avoid the system from being abused.

Phased implementation

Run a pilot program for a specified period of time with a small group of employees and at the end of that period, conduct a group review. This process is to ensure that the system works smoothly and also gives the organization the opportunity to fine tune or improve on it before being implemented on a wider scale.

Documentation

Establish and document very clear and concise work policies that every employee can easily access. Handbooks can be provided which includes the necessary forms and further information on processes and procedures could be made available on the intranet or notice boards.[23]

Training

Leadership skills are required to effectively manage employees who are on flexible work arrangements.[24] Managers or supervisors need to be prepared to manage their own time and tasks including their staff who are on the same flexible work arrangements. In this regard, training is key to developing a new set of management skills.

Engagement

While there is satisfaction amongst employees with the flexibility provided, the organization should also conduct some face-to-face time such as team-building activities, family days or other social functions to foster communication. Engagement and inclusiveness plays a role in maintaining a happy and engaged workforce.

Measuring success

The organization can determine the success of flexible work arrangement policies by measuring the reduction in staff absenteeism, staff turnover rate, the cost of employee replacement and other associated administrative costs like training, advertising and recruiting.

Another measure of success comes from the employee satisfaction levels which can be measured via forums or online survey and monitoring the take up rate of the flexible work arrangements. In the medium term, the number of job applicants received will be a measure of staff attraction.

Improved business performance would be the desired outcome and this can be determined by the increase in productivity via the delivery and the quality of employees' work.
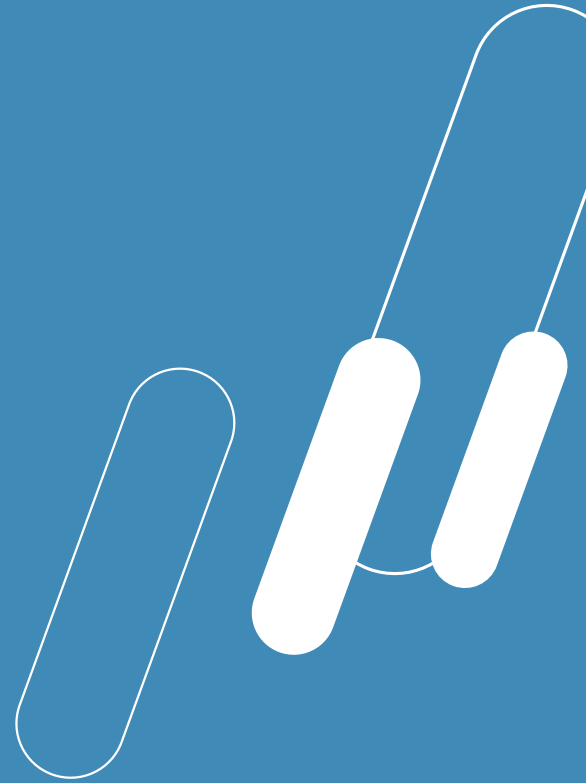
Conclusion
## A World of Work that is Changing

As employee demographics evolve from Traditionalists and Boomers to Gen Xs and Gen Ys, the dynamics of the organization will change due to the different work values between these generations. This will result in a shift in work styles as well. The younger workforce values freedom in work and they thrive in fast paced environments, having grown up in the age of modern technology. There is a need then, for organizations to address this shift in work styles.

Having flexible work policies in place not only caters to the younger workforce but also women, the physically disabled and the older workers as it important to retain them for the value they bring to the organization through the knowledge, skills and experience they possess.

There is no one-size-fits-all work solution for every organization, as each business or industry is different in nature. Each organization should continue to study and improvise over time on the types of flexible work arrangements that would be most suitable for their businesses.

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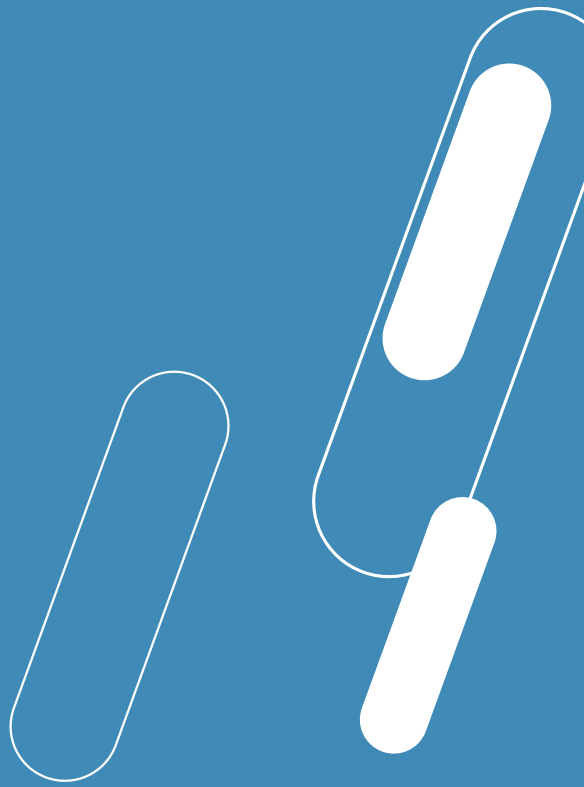
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