The Benefits of Flexible Working Arrangements

A Future of Work Report

FUTURE
ofWORK

Report Contents

About the Report

This report on flexible working was commissioned by the newly formed Employers group on Workplace flexibility (EWF). It is based on findings from our qualitative Flexibility Survey of EWF members, a number of in-depth interviews, and insights from the Future of Work Institute. We consider how the changing context of work is creating new challenges and opportunities for companies in the UK, and suggest how flexible working arrangements can address this context. Suggestions are also made on where the newly formed group might focus its attention to maximise the benefits of its formation. The quotations throughout this report are taken from the EFW Flexibility Survey and interviews.

The EWF comprises the following 20 companies: Addleshaw Goddard, B&Q, BP, Brunswick Group, BT, Bupa, CISCO, Citi, Ernst & Young, Eversheds, Ford, ITV, John Lewis, KPMG, Lloyds Banking Group, McKinsey, MITIE, MTM Products, Norman Broadbent, Tesco. They reflect a broad range of sectors and include a number of small, medium and large employers. Between them, they employ over half a million people across the UK and as such are a microcosm of UK plc.

The report was compiled by the Future of Work Institute. Led by Lynda Gratton, Professor of Management Practice at London Business School, the Institute has brought together a consortium of over 60 global organisations to conduct research into how we can address the challenges of the future by creating more agile companies. Research drawn from the consortium is used throughout the report.

Executive Summary

The need for flexible working is growing. The changing context of work is creating new challenges and opportunities that companies can only meet with the sort of agility that flexible working arrangements provide. In order to convince companies to embrace or extend flexibility, the benefits must be clear.

This report makes a strong case for flexibility by identifying 12 tangible benefits of flexible working. Six of these benefits address the changing business context (increased employee productivity, effective virtual teams, business continuity, reduced business travel, and agile infrastructure). The remaining six address the changing employee context (increased engagement, greater retention, more senior women, the attraction and retention of senior executives, flexible retirement, and generational working styles). In responding to the changing context of work, companies that endorse flexible working can remain competitive by leveraging emerging opportunities.

Flexible working arrangements allow companies to meet present and future challenges by creating choice, accommodating generations, enabling complexity, and creating agility. But even if the benefits of flexibility are widely known, an understanding of how best to implement flexible working arrangements is crucial in avoiding difficulties. The report therefore concludes by outlining four cultural and procedural barriers to flexible working, and suggests how each can be overcome.

The Changing Context of Work

The context in which work takes place is changing rapidly, creating new challenges and opportunities for companies in the UK and beyond. Traditional ways of working are no longer valid, as the landscape of work is redefined by advanced technologies, new societal values, changing demographics, and rapid globalisation. The Future of Work Institute has conducted research into how these four forces are reshaping the business environment, and how they are creating a significant need for more flexible ways of working.

1. Advanced Technologies

More Complex Work: Over the past 60 years, the cost of performing standardised computational tasks has seen a trillion-fold reduction. As a result, many of the routine roles that were once performed by employees have become automated, while other roles have become more complex and global in scope. In the context of this increasing sophistication, legacy work models are being challenged. The growing pressures of working life are causing more people to manage their own time, while technological developments are enabling new forms of productivity independent of office-based work.

Increased Collaboration: Technology is creating opportunities for new forms of collaboration, changing not only where we work from, but how we work, and who we work with. The increasing need to collaborate with people in different time zones and different companies demands flexibility and agility. Complex and interdependent tasks can now be highly choreographed even when untethered from physical location. New technology platforms offer advanced knowledge-sharing capabilities that transcend territories and business silos. In this context, flexibility can leverage advanced technology to enable virtual peer-based working.

Disrupting Hierarchies: New technology platforms support a broader challenge to traditional business structures. We are witnessing a continual shift away from the command-and-control hierarchies established in the 20th century, and towards a connect-and-collaborate structure. In this context, information is becoming more fluid and less centralised. This is beginning to be reflected in the physical infrastructure of work, where it is no longer necessary or indeed feasible for dynamic and complex teams to be co-located. New technologies enable a network-oriented approach to work that challenges traditional hierarchies.

2. New Societal Values

A Democratic Push: In the UK and beyond, there is a growing demand for work to have meaning and purpose. Our research shows that employees are more likely to find meaning in a company if they have some power over the conditions of their work, and are able to work in more agile ways. The desire to be able to shape work into something that is personally meaningful is creating an internal democratic push within companies, with employees seeking to take greater responsibility over their own working styles and personal development. Accommodating this democratic push requires flexibility and depends on trust.

Autonomy and Choice: There is a growing societal demand for autonomy, agility and mobility throughout the UK. In the context of work, individual employees want to construct their own working environments where and when they want. This requires a shift from what we call 'parent-child' relationships to 'adult-adult' relationships. In a 'parent-child' relationship, companies create a predefined pathway for employee activity and development, whereas in an 'adult-adult' relationship, employees are able to proactively make choices that redefine their working lives.

3. Changing Demographics

Older Workers: The UK, as with many developed countries, is experiencing a phenomenal increase in life expectancy. UK citizens can expect to live 10 years longer today than they could have 40 years ago, and it is predicted that at least half of all British babies born today can expect to live to at least 100 years old. When combined with a fertility rate that is continuing to fall below the rate of replacement, this will produce a rapidly ageing workforce. Given that most people will be working for longer, traditional views of retirement will come under strain.

Multiple Generations: As people stay within the workforce for longer, multiple generations will have to work together simultaneously. As it stands, Traditionalists (born between 1928-1944), Baby Boomers (1945-1964), Generation X (1965-1979), and Generation Y (1980-1994) are all present within the workforce, each competing and interacting to define the nature of work. Each generation brings with it distinct challenges. For instance, Baby Boomers are approaching retirement yet may not want to leave the workforce entirely, while Generation X are often required to look after ageing parents. By 2020, Generation Z (1995-2009) will also have entered the workforce, meaning that up to five diverse generations will operate within a company. Understanding and accommodating the needs of different generations in different life-stages is essential.

Generation Y: Each generation brings with it new approaches to work. Most recently, the entry of Generation Y into the workforce represents the first cohort who have grown up within a connected world of social platforms and sophisticated devices. They have grown in parallel with the rapid technological evolution of their time and are now intimately connected to a new online ecosystem. The social habits and behaviours of this generation differ substantially from generations before them: they have increasingly used text, email, Facebook, and Twitter to communicate instantaneously with many people at distance, and they are familiar with virtual communities and the power of collectives. Accustomed to rapid change, this generation will vent their frustration when confronted with the inflexibility of traditional businesses, or the inertia of a job that lacks upward mobility. For instance, in a recent survey by Cisco, 45% of Generation Y employees claimed that they would accept a lower-paying job if it provided more flexibility on device choice and mobility.[1]

4. Rapid Globalisation

Customer Expectations: Over the last few decades, improvements in physical and virtual infrastructure have produced a truly global market. Though there is an extreme diversity in terms of what consumers demand, there is a growing consensus about how these demands are met. Both in the UK or beyond, consumers are increasingly expecting 24/7 access to goods and services. A more global market requires an ability to connect to and understand customers wherever they are and whenever they want, necessitating a 24/7 corporate culture to ensure business continuity and meet customer expectations. Without flexible working arrangements in place, this can create relentless work and time pressures, unpredictable workflows, tight deadlines, and overly fast-paced work.

Sustainable Growth: The phenomenon of globalisation has also created concerns around resource use and the limits to economic growth. The issue of carbon is climbing the agenda of companies across the UK, and the reduction of emissions requires a rethink of physical footprint. Yet most companies still rely on commuting employees and office space, two of the biggest carbon emitters. This issue therefore necessitates the adoption of more agile ways of working that depend less on the consumption of tangible resources and more on the creation of innovative structures and processes.

Summary: The Changing Context of Work

The external business context has changed significantly since the 1980s. In terms of technology, society, demography and globalisation, a number of shifting trends have created new challenges and opportunities for companies:

1. Advanced Technologies:

- More Complex Work: the nature of work is becoming more complex and technology-dependent, creating a need for employees to manage their own working styles and time.
- Increased Collaboration: new technology platforms are facilitating greater collaboration and enabling new forms of virtual working.
- Disrupting Hierarchies: social technologies encourage network-based work in place of traditional hierarchical structures.

2. New Societal Values:

- A Democratic Push: there is an increased desire for employees to be able to create work and develop skills that are personally meaningful.
- Autonomy and Choice: individuals want to be empowered to create their own working styles, and to feel that working relationships are 'adult-adult' rather than 'parent-child'.

3. Changing Demographics:

- Older Workers: increased longevity means that employees can work for longer, requiring companies to accommodate an ageing workforce or face losing important knowledge and skills.
- Multiple Generations: up to five generations are expected to operate within a company, requiring an understanding of the different needs and aspirations of each.
- Generation Y: new cohorts bring with them new values and expectations around working life, with Generation Y demanding more flexibility in their roles and a more social approach to work.

4. Rapid Globalisation:

- Customer Expectations: a growing global market presents UK companies with new opportunities, but capturing these opportunities and meeting customer demands requires a 24/7 culture.
- Sustainable Growth: expansion cannot continue to come at the expense of increased resource use, with the needs of a low-carbon economy necessitating more agile ways of working.

In combination, these four forces are creating an urgent need for flexibility. Each force represents a growing level of complexity and meeting this complexity requires a more agile approach to work. The remaining sections of this report outline how flexible working arrangements can meet this changing context by providing benefits that address each of the four forces.

The Existing Offer

In the context of an increasingly sophisticated business environment, we see flexibility as essential to the future viability of both large and small organisations. Flexibility allows companies to confront complexity by providing a diverse offer to employees.

Current flexibility arrangements can be anything from a formal offer to all employees, to an informal and individual negotiation between employee and employer. The majority of EWF organisations offered more than one arrangement. Different approaches to flexibility are formed depending on industry, organisation, department, and individual, and can address any combination of where, when, and how employees work (see **Flexible Working Arrangements**).

UK legislation on the right to request flexible working is limited: under the current system, only parents of children aged under 17, parents of disabled children aged under 18, and relatives who look after adults requiring care have the right to make a request. Even in these circumstances, the law covers the right to ask for flexible working, and not the right to have it.[2]

Flexible Working Arrangements

Our own Flexibility Survey revealed a number of arrangements that are currently offered by the EWF companies, all of which offer some form of flexibility beyond the statutory minimum.

The most frequently cited forms of flexible working were:

- Part-time working
- Home working
- Job shares
- Variable hours
- Compressed hours
- Sabattical / Career breaks
- Staggered start / end times
- Dual roles
- Flexible Benefits (buying / selling holiday time)

Yet despite conservative legislation, the adoption of flexible working arrangements within the UK has been impressive, and many employers are going beyond their statutory obligations to offer flexibility to most or all employees. A 2011 report commissioned by the Confederation of British Industry (CBI) found that 96% of UK companies offered at least one type of flexible working, and 70% offered three or more types.[3]

However, the same survey also found that around a third of UK companies are reluctant to extend the right to request flexible working arrangements to all employees. In particular, 32% of companies surveyed suggested that doing so would have a negative impact on productivity, while 38% said it would increase labour costs. One of our recent Future of Work surveys also shows that around a third of employees are experiencing problems with flexible working arrangements. 33% of respondents said that their company had not successfully implemented flexible working arrangements, and 39% said that work/life balance was still underdeveloped within their company.

This suggests that the benefits of flexible working are still not clearly defined, and that some companies are still unwilling or unable to expand the remit of flexible arrangements beyond a certain point for fear of losing competitiveness. More research is therefore needed to outline the tangible benefits of extending flexible working. As the external context becomes increasingly complex, the traditional models of work, some of which have persisted since the 20th century era of Taylorist mass production, will come under strain. New, more flexible models of work will be required as the need for agility supplants the need for stability as the primary focus of the modern competitive company.

The Business Context: Addressing Advanced Technology and Rapid Globalisation

The results of our EWF Flexibility Survey suggest that addressing the changing business context of work is crucial. Though flexibility is often proposed as an employee-centric offer (see The Employee Context, pg. 11), outlining the business-centric case is vital, as it addresses the forces of Advanced Technology and Rapid Globalisation. In this section, we outline six tangible benefits within the business context, suggesting that it is already clear to EWF members that flexibility presents an opportunity for companies to enable and manage complexity, and helps support a more agile organisational structure in the process.

Addressing Advanced Technology by Enabling Complexity

1. Increased Employee Productivity: Flexibility has a substantial impact on the capacity for companies to be agile. The notion that flexible workers are less productive than traditional office-based ones is heavily disputed by the EWF. Flexibility enables employees to operate in an environment that best suits their personal working styles and allows companies to respond to fluctuations in workload. The measurable productivity benefits are clear:

> **"** 66% of line managers and colleagues considered that flexibility improved efficiency and productivity.
>
> - Lloyds Banking Group

> **"** The vast majority of employees appreciate the variety of work, and productivity has more than trebled since the organisation implemented flexible working arrangements in 1996.
>
> - MTM Products

Though some companies are cautious that a loss of direct control over employee work patterns could result in a lapse in commitment or discipline, this sentiment was not reflected by the EWF, with most reporting that flexibility produced more energised, more motivated, and more productive employees.

AnyConnect at Cisco

The Cisco AnyConnect platform is available to all employees and provides access to the Cisco network from any location, using any device. The platform ensures a seamless working experience comparable to a Cisco office setup, while allowing employees to use the technologies that they are most comfortable with. Whether it is a Cisco-owned laptop or mobile phone, or a personally owned iPad or other internet-enabled device, employees are able to access everything they need on the Cisco network wherever they are, and whenever they choose to work.

AnyConnect provides Cisco employees with increased flexibility, and ensures a consistent experience in the context of increasingly flexible working arrangements. Given that 90% of employees work remotely at least one day a week, and 32% of employees are completely mobile, the ability to provide a secure and reliable virtual infrastructure is crucial.

Cisco has seen notable productivity gains as a result: those working remotely are 5% more productive than office-based employees, and claim to be nearly 7% more likely to stay at Cisco, with a 26% reduction in attrition. At the same time, the use of AnyConnect over traditional desk-based work can reduce real-estate savings by 50% per employee.

Yet success does not arise naturally. Balance is critical, and employers have to work hard to ensure flexibility functions effectively. For example at BT it is evident that, where employees are permanently home-based and with little connection to the business, there is a danger that engagement and productivity could diminish if the informal networks and team interaction gained in an office environment are not maintained.

In answer to this problem, productivity gains have been realised by improvements in online platforms, which enable flexible workers to interact in increasingly sophisticated and authentic ways (see **AnyConnect at Cisco**). The technology that supports flexibility is enabling more collaborative work, with enterprise social

networking platforms such as Yammer and Salesforce Chatter providing intuitive interaction between remote colleagues. At the same time, technological flexibility can enable employees to use the devices they are most familiar and comfortable with to access these online platforms. The need to access information from anywhere and at any time will help promote investment in more powerful and authentic technology that brings with it new ways of working.

2. Effective Virtual Teams: As work becomes more sophisticated, more geographically distributed, and more technology-dependent, the importance of virtual teams will increase rapidly. Flexible working supports a more significant shift towards untethered work, in which employees collaborate in large expert groups, and coordinate their own workflow:

> " Life is changing all around us and the capacity to work flexibly is seen as key to the future and a key enabler to high performing virtual teams.
>
> - Ernst & Young

By connecting specialists in self-managed team environments, the role of leaders and managers becomes less an act of command-and-control and more an act of orchestration. Given the increasing sophistication of work, these more fluid network-based structures are crucial to maintaining competitiveness and are best suited to the increasing complexity of client demands.

The shift to virtual team environments also has a positive effect on performance. The ability to work flexibly, particularly regarding home working, necessitates a focus on measuring employee output, which in turn encourages employees to work more productively:

> " When operating well, flexible working creates more of a performance culture, as it drives measurement of output rather than presence.
>
> - BP

> " 74.5% of our employees state that the timeliness of their work output improves when working at home, while 67.4% state that the quality of their work improves when working at home.
>
> - Cisco

Addressing Rapid Globalisation by Creating Agility

3. Meeting Customer Needs: Flexibility creates opportunities to confront an increasingly global environment by enhancing business continuity and customer coverage. Flexibility around when and where to work creates greater opportunity to operate across locations and time zones, and improves access to new markets:

> **"** Flexibility is important to our organisation, because of the very nature of the work that we do in line with our clients requirements, and because we are in the business of acquiring new organisations and entering into new markets on an extremely regular basis.
>
> - EWF Member

> **"** There are significant business benefits, particularly in a global company such as ours, whereby employees may be working across different time zones in different continents. Having employees who wish to work at 'non-standard' times clearly provides a business advantage in providing additional support to the business and greater operational coverage.
>
> - Ford

> **"** A flexible working environment ensures that our employees can respond to client needs from both the UK and abroad - working across jurisdictions and time zones.
>
> - Addleshaw Goddard

Business Continuity at Ernst & Young

At the professional services firm Ernst & Young, client coverage is crucial. Flexible working has allowed many employees to work in ways that more closely match the needs of their customers by moving away from the traditional 9 to 5 setup and towards a more blended working life that acknowledges individual project needs.

In particular, flexibility has recently allowed Ernst & Young to leverage its world-class fraud investigation services to help anti-corruption work in Africa. Though the team was based in the UK, their flexible arrangements allowed them to quickly deploy to Angola for an intense two-week project and then return to a less demanding schedule in the UK. This provided the team with a crucial recuperation period.

The ability for employees to scale workload up and down is premised on the assumption that delivery is more important than hours committed. This focus enables employees to work in a more agile way, meeting client demands as they arise.

In an increasingly complex external environment, in which customers and clients demand 24/7 coverage, it is essential that companies are able to leverage the flexibility of their employees to fill in gaps and provide a more distributed and dynamic service. The traditional office-based model of work is incapable of accommodating the level of agility that is expected in the modern age unless a company has a tangible presence across the globe. Flexible arrangements allow employees from one location to serve a global market.

4. Matching Customer Expectations: Evolving customer expectations are producing a demand for 24/7 access to goods and services. Even for companies based in a UK market and operating for UK customers, there is no longer an assumption that business activity and consumption should fall within the brackets established by 9-to-5 business. Customers increasingly want to be able to shop and access goods and services at a time that suits them, and are more frequently exhibiting a desire for 24-hour service:

> **"** The banking industry has been revolutionised over the last 10 years by technology and increased competition. Our customers want a 24-hour service and to access their money easily and at a time that is convenient. Because of this we now offer a range of services from digital and mobile banking to 24 hour, 7 days a week telephone banking, as well as extended branch opening hours. Of course, that means that we are no longer a traditional 9 to 5, five days a week business. We have had to introduce more flexible working patterns to meet customer demands.
>
> - Lloyds Banking Group

5. Reduced Business Travel: Flexible working has a significant effect on business travel, with associated reductions in operational costs and carbon emissions. There was a unanimous agreement among EWF companies that flexible working reduced the pressure on employees to travel:

> " Homeworkers can use the same IT help desk route as office-based colleagues. We have made a huge leap forward in using teleconferencing and other virtual meeting formats as the preferred way of meeting in the last 12 months. This has been driven by the introduction of 'No Travel Week' in 2011: one week every month during which colleagues are not expected to travel, unless business critical. In 2011, we reduced the number of business journeys by over 127,000, reduced our travel and entertainment costs by 33%, and came closer to meeting our objective of reducing our environmental impact by 20% by 2020.
>
> - Lloyds Banking Group

> " With a 25% increase in revenue and headcount compared to 2007, in 2011 air travel emissions have dropped by almost 40% on an absolute basis compared to 2007, exceeding our EPA Climate Leaders goal of a 25% absolute reduction.
>
> - Cisco

> " We have calculated that business travel in 2011 generated 18,545 tonnes of CO_2 and cost approximately £15 million. Cutting CO_2 emissions by 25% would save £3.5million.
>
> - Bupa

By creating a culture that reduces the dependence on face-to-face meetings, flexible working enforces a more agile operational model that brings people together more quickly and at lower cost. And as the authenticity of virtual meetings increases, the comparative benefits of face-to-face interaction will continue to diminish.

6. Agile Infrastructure: Flexible working can create tangible infrastructural savings by reducing office occupancy. For one EWF company, each London-based desk reduction represents a £10,000 p.a. saving, while another claimed that a move to flexible working has created a 20% reduction in real-estate costs. Flexibility also encourages a shift to cloud-based software, which one company predicted would create a 38% reduction in data centre energy expenditure by 2020.

Now that many desk-based roles can be performed from any location and at any time, offices are often best utilised as collaborative and open environments to encourage physical interaction. The move towards shared spaces and hot desks represents a more dynamic approach to work, where networks of employees come together in ad hoc teams to complete specific task-based projects. In this context, flexibility is crucial, as it allows the physical organisation of work to mirror its process.

Office Savings at BT

Since the 1980s, BT has been adapting its physical infrastructure to embed flexibility. Today, BT employs around 70,000 flexible workers, saving around £700 million a year on property, and reducing absenteeism by 60%.

Increased learning, trust and economic efficiency are valuable byproducts of a high level of flexibility, enabling much of the BT workforce to take greater responsibility for managing their work.

Technology and experience are diminishing the trade-offs between working from an office and working from home, giving employees an authentic sense of integration without having to commute or relocate.

Though the benefits of a more agile approach to work are clear, more company-specific research needs to be conducted into the tangible economic benefits of flexibility. The above business benefits are based on the EWF Flexibility Survey, but nearly half of the companies surveyed were unable to provide explicit details on the economic savings that flexibility provides. In order to create a more robust argument for flexibility that addresses the business context, companies should seek to create more detailed metrics.

The Employee Context: Addressing New Societal Values and Changing Demographics

Establishing the benefits of flexible working in a business context is crucial. Yet flexible working is still largely interpreted as an opportunity to create choice for employees, and as a means to addressing increased employee diversity. This employee-centric approach is important, as it addresses New Societal Values and Changing Demographics by providing six tangible benefits. In designing working arrangements that are flexible regarding where, when and how work gets done, companies can hope to increase the attraction, retention, and motivation of talent.

Addressing New Societal Values by Creating Choice

7. Increased Engagement: The ability to accommodate the desire for greater choice at work is often the first cited when determining whether or not to implement flexible arrangements. Many employees want to work flexibly as it allows greater work/life balance, which in turn leads to greater engagement and higher levels of loyalty. One EWF company reported that 96% of its employees wanted to work from home, and many others reported that levels of engagement and motivation were higher among flexible workers:

> **"** Our employee engagement index contains items relating to flexibility. Our business linkage study demonstrated a link between upper quartile engagement index scores and a 10% increase in retention.
>
> - Ernst & Young

8. Greater Retention: Presenting employees with choice also increases retention by providing alternative ways of working to those who may have considered leaving the company. This has substantial economic benefits given the cost of turnover and disruption to client experience. A number of EWF companies have seen notable gains in retention rates as a result of flexible working:

> **"** Our attrition rate is 4.2% among traditional workers, whereas it is just 2% among remote workers.
>
> - Cisco

> **"** Flexibility provides improved retention for individuals who might otherwise have left the organisation. In some cases, it can also improve the calibre of talent available for the job, as providing flexibility broadens the pool available.
>
> - EWF Member

Flexibility also allows companies to retain talent throughout times of economic hardship by offering options that can save money while providing employees with time off or reduced working hours (see **Flexible Futures at KPMG**).

Flexible Futures at KPMG

Flexibility helped KPMG UK successfully negotiate the economic crisis of 2008. Having invested heavily in their workforce, KPMG was understandably loath to let go of the very people they strived so hard to recruit and train. In January 2009, therefore, KPMG asked its 11,000 UK-based people to volunteer to reduce their working week by one day unpaid, or take between 4 and 12 weeks leave at 30% pay. Staff could volunteer for either or both of these options, with the maximum annual salary loss capped at 20% and a continuation of full benefits. Alternatively they could also choose to remain on their current terms and conditions.

The change would give the UK firm's leadership the power to decide if and when to reduce their hours and associated pay in much smaller timeframes, offering an effective tool for managing costs while also retaining talent.

Flexible Futures was initially unveiled to partners, then to line managers, and finally to the entire workforce. An overwhelming 85% of partners and staff subsequently signed up for one or both of the options. As a result, KPMG in the UK saved approximately £4.7 million, equating to circa 100 full-time salaries.

9. More Senior Women: The ability to work flexibly is particularly important among working mothers and those returning from maternity leave, and often produces an increase in the number of women who reach the most senior levels. Among the EWF, many companies saw a clear benefit in this area:

> **"** We've seen faster attainment of our goal to achieve 30% female partner admissions each year. A culture of flexibility as a norm will enhance the opportunity for all our people to succeed, and is mentioned often by our senior women.

- Ernst & Young

> **"** Having conducted in-depth feedback sessions with women from across the firm, we know that the ability to work flexibility is one of the most important factors in terms of retaining women. We are seeing an increase in senior women, and 2012 was the first year in which we promoted more women than men to our partnership.

- Addleshaw Goddard

10. Attraction and Retention of Senior Executives: The desire for flexibility, often seen as a primary concern for employees in the early stages of their career, is increasingly becoming an issue for executives at the most senior levels of the organisation. In particular, one EWF company noted how senior executives are more likely to consider their personal demands than they would have before:

> **"** We are seeing a growing number of senior executives, at Chief Executive and direct report level, who are taking themselves out of the race for another big role, because they are concerned about the impact it may have on the balance of what they want to achieve as a person, outside of their career.

- Norman Broadbent

Addressing Changing Demographics by Accommodating Generations

11. Flexible Retirement: Flexible working arrangements ensure greater rates of retention among employees nearing retirement, who may instead choose to move into different roles or embrace more flexible working arrangements as an alternative to full retirement. This is important in a knowledge economy, in which much of the value of an employee is held as tacit knowledge. Ensuring that older workers remain associated with the company helps retain this knowledge while providing an ageing population with employment options:

> " At the other end of the employee lifecycle, we have seen some of our partners who are nearing retirement moving into different roles and onto more flexible working arrangements. This has been useful in terms of retaining their experience and expertise within the firm at this latter stage of their career.
>
> - Addleshaw Goddard

12. Generational Working Styles: The EWF Flexibility Survey suggested that flexible working enables different generations to exercise control over how they structure their roles. By 2020, UK companies can expect up to five distinct generational cohorts to be competing and interacting within the same teams at once (see **Generational Profiles**).

Each of these generations will have different expectations on where, when, and how to work. Providing flexibility is crucial as it offers an opportunity to enable working styles that can respond to the needs of each generation. In creating a diverse offer, the possibility of intergenerational conflict can be avoided. EWF companies are already seeing the impact of different generations entering the workforce:

> " Our workforce is changing fast. Globally, more than 50% of our people are Generation Y and this number will continue to grow. Generation Z will shortly be joining us; this generation has grown up with and expect more 'virtual working', greater collaborative space and increased flexibility in working hours/location.
>
> - Ernst & Young

Generational Profiles

Cohorts of people born at roughly the same time and in the same region are often exposed to similar experiences in their formative years and create shared principles that define how they behave as they move into the workplace. By 2020, the UK workforce will consist of the following generational cohorts:

Traditionalists (Born 1928-1944)
Architects of Post-war prosperity. Focused on hierarchical and bureaucratic structures and maintain conservative social values.

Baby Boomers (Born 1945-1964)
The largest demographic cohort ever. Born into affluence and maintain a more liberal identity but still exhibit a dependence on hierarchy.

Generation X (Born 1965-1979)
Children of economic uncertainty and political turmoil. Witnessed increasing divorce rates and are more self-reliant than their parents as a result.

Generation Y (Born 1980-1994)
Benefitted from the prosperity of their Baby-Boomer parents. Familiar with new technologies and online ecosystems that challenge hierarchy.

Generation Z (Born 1995-2009)
Growing up in the context of a hyper-connected 24/7 world. However, children of Generation X, they may prove more pragmatic and grounded than Generation Y.

Flexibility not only enables the needs of the younger generations to be considered. As a result of flexible working arrangements, B&Q has been a leader in actively recruiting older workers to great effect:

> " Older workers have greater life experience and a true willingness to work, which means they can pass on their knowledge and skills to customers and younger members of staff. A quarter of our workforce is over the age of 50 and our apprenticeship scheme is unique as it is open to all employees regardless of age. Our oldest employee is Albert Billington, who is 89. Offering flexibility means we can access a pool of talented colleagues and the benefits are tangible. B&Q has been the winner of the Gallup worldwide award for outstanding Employee Engagement for the last 5 years running and is the only UK business to receive this award.
>
> - B&Q

Summary: The Benefits of Flexible Working Arrangements

Flexible working arrangements address both the business context and the employee context of work, and provide a number of benefits that meet the challenges that the four forces present. Though the employee context has been the most commonly cited justification for flexibility, the business context is just as important in providing economic benefits and increased competitiveness for UK companies. More measurements are needed are needed regarding the business context, as in combination, they produce a persuasive list of benefits:

Addressing Advanced Technology by Enabling Complexity:

1. Increased Employee Productivity: flexible workers are measurably more productive than traditional ones, and are able to leverage new technologies to collaborate and communicate.
2. Effective Virtual Teams: flexibility encourages the formation of high-performing virtual teams that can confront an increasingly sophisticated workload independent of physical location.

Addressing Rapid Globalisation by Creating Agility:

3. Meeting Customer Needs: flexibility allows continuous operation across locations and time zones, meeting the complex, global and 24/7 needs of customers in and beyond the UK.
4. Matching Customer Expectations: flexibility helps meet the growing expectations of UK consumers who expect around-the-clock access to goods and services.
5. Reduced Business Travel: virtual work reduces a costly dependence on face-to-face meetings and encourages a more environmentally conscious culture.
6. Agile Infrastructure: reduced office occupancy and more collaborative space allows companies to be more agile about where they assign resources while saving significant real-estate costs.

Addressing New Societal Values by Creating Choice:

7. Increased Engagement: individuals are able to shape their working styles to fit their circumstances and exhibit greater levels of engagement and loyalty as a result.
8. Greater Retention: an ability to change working habits reduces the stresses of a shifting lifestyle and enables employees to consider alternatives to leaving the organisation.
9. More Senior Women: re-entering the workforce after motherhood requires flexibility, and such arrangements can quickly increase the proportion of senior women within a company.
10. Attraction and Retention of Senior Executives: the desire to work flexibly, once the focus of junior employees, is beginning to be expressed at the most senior levels of management.

Addressing Changing Demographics by Accommodating Generations:

11. Flexible Retirement: providing flexibility for older workers creates choices aside from retirement and reduces the loss of tacit knowledge that would result from leaving work.
12. Generational Working Styles: a diverse offer allows different cohorts to express their own styles and reduces the potential for intergenerational conflict as a result.

Enabling a Flexible Working Culture

Even when the benefits of flexibility are clear, the ability to successfully embed flexible working arrangements can be fettered by a number of barriers. Acknowledging these barriers is crucial, as companies wishing to benefit from flexible working policies often have to undertake a number of transitions in the way they function. In this section, we draw on the findings of the EWF Flexibility Survey, as well as our own research within the Future of Work Institute to identify the most frequent barriers encountered and to suggest how these barriers may be overcome.

Barrier: A Lack of Senior Sponsorship

Within the EWF, the most commonly cited barriers were cultural in nature. At the highest level, flexible working arrangements can be undermined by a lack of senior sponsorship. The need for leadership and support at a department or company level cannot be underestimated, and a lack of visible sponsorship can stifle the adoption of flexibility:

> " We recognise that leadership is critical and have been lucky over the years to have some high profile and passionate sponsorship for flexible working. But it is felt that we have lost leadership and focus on this issue in recent years and this has had a negative impact on our culture.
>
> - EWF Member

> " The consistent factor is not the nature of the work but the willingness of the senior manager to embrace and enable flexible working. We find hot and cold spots and it always comes back to the tone of the senior manager. Internally, cultural subsets exist under the broader company-wide culture that espouse the value of flexible work.
>
> - Citi

Enabler: Make A Business Case

More than anyone else, an influential senior sponsor has the capacity to convince others that flexible working arrangements are beneficial. Yet senior sponsors themselves often need convincing, and so it is important to make the benefits of flexible working as clear as possible. Measurements on real-estate savings, increased rates of productivity, and reduced attrition will all help gain senior support (see **inControl at Citi**).

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inControl at Citi

One of the most important factors in enabling flexible working is senior management support. Mentioned by the majority of our EWF companies, a lack of senior sympathy can become an insurmountable barrier. In order to generate support from more traditional managers, the economic benefits of flexiblity need to be made as tangible as possible.

At Citi, the inControl platform grants managers access to real-time financial information. In particular, the platform shows the real-estate floor plan that each manager is responsible for, and can overlay individual employee utilisation of desk space calculated by login times. As a financial tool, the platform also shows the cost of each desk, and illustrates whether office space is being utilised effectively. For instance, if a desk is only being used 50% of the time, a flexible arrangement could release the cost of that desk.

Citi has seen that, once senior managers are able to view the financial benefits of flexible working in such a tangible way, they often become catalysts for expanding flexibility throughout their department.

Our EWF Flexibility Survey revealed that, once sponsorship is secured, senior leaders can quickly become powerful advocates for flexible working throughout the organisation and can act as key stakeholders:

> " Our CEO Adam Crozier highlights the economic benefits to our business around the flexible working agenda, he sits on the committee for "Employers Group on Flexibility" which sends a clear message about the financial, economic and business case for ITV's investment in this area.
>
> - ITV

Barrier: A Culture of Presenteeism

Though senior sponsorship is a prerequisite for flexibility to thrive within a company, scepticism from direct managers can still undermine the transition. Reluctance most often comes from managers who operate on more traditional views of work, and their desire to persistently observe the actions of their teams enforces a culture of process and presenteeism that restricts employee flexibility. Depending on business function, the idea of flexibility can be met with varying levels of resistance:

> **"** One of the most challenging areas for flexible working arrangements would be Investment Banking, where a culture of long hours and presenteeism predominates.
>
> - Citi

> **"** Around 25% of our employees indicate that they do not have complete freedom of choice in their place of work. For TAS and Assurance, more than 60% of employees perceive that they need to be seen to be working.
>
> - Ernst & Young

> **"** It is fair to say that we have micro-climates, some colleagues will enthusiastically commend the Group's approach, while others feel that we have taken a backwards step and support has diminished, leading for example to colleagues and line managers feeling that flexibility is more difficult to accommodate.
>
> - EWF Member

Enabler: Promote a Culture of Trust

Overcoming a culture of long hours and presenteeism may be difficult, but the nature of work is shifting away from this reality, with a new, more agile approach needed to meet the complexities of the business environment. Managers need to trust employees to work when they are not in view, and measure outputs over inputs.

Flexible working is grounded in autonomy, the exercise of which requires mutual trust. Flexibility is more of a fluid negotiation than a structured arrangement, and depends equally on the needs of the individual and the company. The majority of the EWF companies agreed that a workplace that aims to facilitate ad-hoc working styles must ensure that managers trust their employees in flexible working arrangements:

> **"** The introduction of flexible working is dependent on there being mutual trust between management and employees. As this exists we have not experienced any significant problems. Everyone knows we look for win-win arrangements which benefit the company, but also respect the fact that employees have a life and commitments outside work.
>
> - MTM Products

> **"** Cisco sees a positive correlation among productivity, flexibility, trust, and low employee attrition. Consequently, we strive for a culture of flexibility and trust in which high-performing employees can create value for the company while also maintaining well-balanced lives.
>
> - Cisco

Barrier: A Lack of Guidance and Support

Once flexible working is embraced by management, it is important to ensure that support is provided at the level of the individual employee. Flexibility represents a substantial shift in working style and, though its benefits are clear, it is often difficult for employees to adjust to new ways of working. WIthout proper instruction or guidance, our Future of Work research shows that flexible working can produce isolation and reduced visibility, which can in turn have long-term effects on productivity and career progression.

Enabler: Create Support Platforms

The consensus among the EWF companies is that employees require clear guidance and support when adopting flexible working arrangements. Given that the foundations of flexible working are technological in nature, online platforms are an intuitive fit for providing support, instruction and feedback to flexible workers.

Online training courses and guides can help employees develop an approach to flexibility that accommodates their individual needs while fitting within the organisational template. The same repositories may also contain best-practice case studies and role model stories that provide inspiration and instruction on how best to adopt and embrace flexibility (see **Flexible Working Platforms at Citi**).

As well as providing information, e-Learning modules can offer online interaction, with champions and coaches able to provide real-time support and feedback to those working flexibly, while using surveys and other metrics to assess adoption:

> **Flexible Working Platfoms at Citi**
>
> Citi's Global System encourages and facilitates the adoption of flexible working in a number of ways. First, it serves as a universal online platform for individuals, teams, and even departments to apply for various flexible working arrangements. Managers are alerted to requests and can view and approve them within the platform.
>
> Second, the Global System functions as a flexible working knowledge repository, presenting a library of case studies about success stories from throughout the company. For instance, one entry outlines how a manager encouraged his team of 30 to work remotely, detailing the steps he took and the benefits he saw.
>
> A third benefit is its ability to develop individual employees by providing online training around flexibility. The platform offers e-learning sessions on how to communicate and lead in a remote environment, how to function in a virtual organisation, and how to manage virtual meetings. The platform also offers a self-assesment tool that measures communication style, organisational skills and many other attributes essential to flexibility.

> ❝ We have developed an online diversity e-learning module, as well as a number of flexible training opportunities that enable people to upskill irrespective of their working arrangements.
>
> - B&Q

> ❝ Our intranet has a series of case studies illustrating, in an authentic way, how employees have arranged their flexible working requests in order to provide examples of imaginative use of work life balance options.
>
> - KPMG

Role models and champions are particularly important where there is a notable hesitance to embrace flexible working. The ability to identify successful archetypes in order to inspire employees to work flexibly can help reduce inertia, particularly among ambitious women:

> ❝ Visible role models are vital in inspiring other women, and demonstrate that it is possible to combine a career and motherhood successfully through working flexibly.
>
> - Lloyds Banking Group

Barrier: A Risk-Averse Culture

The ability to maintain a culture of flexibility requires an agile organisational structure that is able to constantly innovate around employee working arrangements. Confronting new challenges and leveraging new opportunities requires companies to take risks in order to remain competitive. We have seen that, by their very nature, flexible arrangements are not fixed, and that the offer to employees needs to change in reaction to external circumstances.

A risk-averse culture can hinder agility and stifle new ways of working. Our Future of Work research shows that, even though many companies are aware of the forces that are changing the context of work, there is still a lack of urgency around adaptation and a general hesitance to question the status quo. This is more true of some companies than others (see **The Limits to Flexibility at Renolit**), but it is important to challenge risk-averse attitudes wherever they arise.

The Limits to Flexible Working at Renolit

In order to gain insight into why some companies are hesitant to implement flexible working, we interviewed a number of companies outside the EWF group that hold a sceptical view. One example was Renolit, a leading international manufacturer of high-quality plastics.

Renolit has long depended on shift work, and offers very little in terms of flexible working arrangements. Though part-time working is feasible, and parental leave is provided in line with legislation, other forms of flexibility are not provided. Given that the manufacturing process depends on the presence of a certain number of employees in a specific location and at a specific time, there is no push for flexibility.

However, other manufacturers within the EWF, including MTM and Ford, suggested that flexible working was compatible with shift work. The Human Resource Manager at Renolit suggested that the resilience of traditional working arrangements within the company is perhaps more attributed to its male-dominated working environment, with few employees showing any interest in demanding the provision of formal flexible working, and with few managers attempting to challenge the status quo.

Enabler: Support Pilots and Experiments

Challenging the status quo is often perceived as a costly venture. However, many of the EWF companies that have been successful in expanding flexible working initiatives have benefitted from low-risk experimentation by undertaking pilot groups in order to trial and refine possible processes. The most famous example is BT, which has been conducting experiments in flexibility since 1992. Other EWF companies have also run scientific pilots, and suggested that they provide learning opportunities around new ways of working without requiring substantial investment:

> **"** In 2007, the organisation embarked on a formal project to look at how flexibility could work in practice by launching a "Pathfinder" pilot group of 15 volunteers from our corporate department who switched to a new way of working, moving into a desk-sharing area of the office with full IT support to enable them to spend more time working from home, client offices, and other sites. In 2009, the whole of our London office went open plan.
>
> - Addleshaw Goddard

> **"** In 2000, A pilot was conducted allowing employees to apply for a range of flexible working options including term-time working, compressed hours, part-time working, home-working, job sharing and flexible hours. An evaluation of the pilot revealed positive responses from those who had taken part, with 97.5% people undertaking flexible working agreeing that it encouraged them to continue working for the organisation. The pilot also helped to highlight areas where further support could be added for individuals and managers.
>
> - Bupa

Even once flexible working arrangements have become entrenched, the ability to experiment and run pilots is a crucial means by which companies can rapidly react to a changing business context. Trialing flexibility in new ways, or within new groups, helps challenge a risk-averse culture by providing experiential learning at low cost.

Summary: Enabling a Flexible Working Culture

It is important to acknowledge the barriers to flexible working in order to be able to confront and overcome them. Our research has shown that a number of barriers can stop the expansion of flexible working or mitigate success, but that each of these barriers can be overcome with a change of culture of procedure:

Barrier	Enabler
A Lack of Senior Sponsorship	Make a Business Case
A Culture of Presenteeism	Promote a Culture of Trust
A Lack of Guidance and Support	Create Support Platforms
A Risk-Averse Culture	Support Pilots and Experiments

Conclusion: Illustrating Benefits and Removing Barriers

The context of work is changing rapidly. The forces of technology, society, demography and globalisation are creating new challenges and opportunities for companies in the UK and beyond. Yet meeting the challenges and leveraging the opportunities of the future requires agility. Flexible working arrangements allow companies to begin to create more agile working environments.

This report has identified 12 tangible benefits of flexible working arrangements, six of which address the changing business context (Advanced Technology and Rapid Globalisation), and six of which address the changing employee context (New Societal Values and Changing Demographics).

More research needs to be undertaken in order to address the business context more explicitly, with a particular need to gather more measurable economic benefits. But even when established, a strong case for flexible working is only half of the challenge. Even if the benefits of flexibility are widely known, an understanding of how to best implement flexible working arrangements is crucial in avoiding difficulties. This report has outlined four potential Barriers and has suggested how each can be overcome by cultural and procedural Enablers.

Recommended Next Steps:

1. The employee context of flexible working is well known, and the benefits around choice and diversity are clear. What is now needed is a deeper understanding of how flexibility addresses the business context by enabling complexity and creating agility. More evidence is needed to support this, and metrics should be established to measure the benefits of flexibility beyond engagement and retention.

2. It is important that companies are aware of the barriers to flexibility and have the capacity to overcome cultural inertia. Raising awareness around the four barriers (a lack of senior sponsorship, a culture of presenteeism, a lack of guidance, a risk-averse culture) is necessary in preventing undue failures in flexible working arrangements. Education around the enablers of flexibility is also essential.

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