

## Flexible working: the business case

Flexible working is defined as working arrangements which allow employees to vary the amount, timing, or location of their work,<sup>1</sup> usually to the mutual benefit of the individual and organisation.

Flexibility helps more people access the labour market and stay in work, manage caring responsibilities and work-life balance, and supports enhanced employee engagement and wellbeing.

However in too many workplaces, obstacles such as a lack of understanding and even negative attitudes of leaders and line managers towards flexible working can prevent its benefits being realised either for individuals or the business. It is important therefore to make the case for employers to invest in creating more flexible working opportunities across their workforce, and to help in attracting people from different backgrounds and experiences.

### Attraction of talent

There is a strong, unmet demand for more flexible jobs; 87% of people want to work flexibly, but only 11% of jobs are advertised as being flexible!<sup>2</sup>

- Advertising jobs as flexible can help organisations access a wider and more diverse talent pool – so you can get the best person for the job.
- By not advertising jobs as flexible, you're cutting yourself off from potential applicants. This is especially true for roles with skill shortages and hard-to-fill vacancies.<sup>3</sup>
- Build your future talent pipeline as 92% of young people want to work flexibly<sup>4</sup> and flexible working is central to understanding why many talented workers choose temporary work.<sup>5</sup>

### Improved engagement, job satisfaction and loyalty

Staff are more likely to recommend their employer, stay loyal to their organisation, and go the extra mile if their employer offers flexible working.

- Flexible workers have a higher level of job satisfaction, commitment, and are more likely to increase discretionary effort compared to those who do not work flexibly.<sup>6</sup>
- Flexible workers are also more likely to be engaged<sup>7</sup> which yield significant advantages for employers – potentially generating 43% more revenue and improving performance by 20%, compared to disengaged employees.<sup>8</sup>

### Reduced absenteeism and improved well-being

- Flexible working can reduce absence rates<sup>9</sup> as it allows employees to manage disability and long-term health conditions,<sup>10</sup> and caring responsibilities,<sup>11</sup> as well as supporting their mental health and stress.<sup>12</sup>
- Parents and carers (especially those on low incomes) benefit the most – they tend to have increased wellbeing and are less troubled by stress when given access to flexible work.<sup>13</sup>

### Employee retention and progression

Flexible working practices are a key reason for staff at all career stages being satisfied with their work and staying with their employer: flexibility can reduce staff turnover.<sup>14</sup>

- For senior and managerial staff, flexible working arrangements are pivotal for being able to continue to work and develop as professionals,<sup>15</sup> particularly if they become parents.
- For entry-level employees, flexible working reduces job-life spillover which in turn improves retention and commitment.<sup>16</sup>
- Higher levels of engagement, experienced by working flexibly, can reduce staff turnover by 87%.<sup>17</sup>

## Productivity

Employees and managers agree that flexible working increases individual performance, and is more motivating than a bonus!

- 9 in 10 employees consider flexible working to be a key motivator to their productivity at work (89% – even more than financial incentives (77%).<sup>18</sup>
- 81% of those who have access to remote working believes it increases their productivity.<sup>19</sup>
- Managers and co-workers also report a positive or neutral impact on individual performance in terms of quality and quantity of work when flexible working practices are adopted.<sup>20</sup>
- When it comes to working with others, flexible work schedules help employees, including parents and carers,<sup>21</sup> balance their work and life responsibilities and boost performance,<sup>22</sup> increasing average labour productivity for large and small businesses.<sup>23</sup>

## Improving business outcomes

- The normalisation and support of flexible working arrangements can help businesses to reduce their gender pay gap.<sup>24</sup>
- Flexible working supports more diverse talent pipelines within organisations and help improve board level diversity. As some global analysis shows, companies with diverse boards outperform their rivals and have an opportunity cost equivalent to around 3% of UK GDP.<sup>25</sup>
- Gender diverse leadership teams also deliver an 18% return on equity premium, and McKinsey have calculated that improving diversity could add £150 billion a year to the UK economy by 2025.<sup>26</sup>

## Agility and responsiveness to market change

Flexible working allows companies to adapt to fluctuating market demand to boost responsiveness and competitiveness. The CBI Employment Trends survey<sup>27</sup> found that 99% of all businesses surveyed believes that a flexible workforce is vital or important to competitiveness and the prospects for business investment and job creation.

Tesco's, Lloyds Banking Group and Ford Motor Company are three examples of a number of organisations using flexible working to increase responsiveness to customer demand:

- A Tesco superstore uses part-time working and multi-skilling practices to meet customer demand more effectively, generating value equivalent to approx. 13% of total workforce costs.
- A head office function of Lloyds Banking Group generates value equivalent to 7% of total workforce costs through using freelancers to meet seasonal demand and locating staff across multiple sites to lower premise costs.
- A Ford Motor Company Ltd manufacturing plant saves the equivalent of about 3% of total plant costs by using outsourcing, flexible absence cover and alternative maintenance shifts to achieve cover in line with plant needs.<sup>28</sup>

Quality flexible working could also help the NHS deliver a 24/7 environment which work for all staff and enhances overall attraction, development and retention of employees.<sup>29</sup>



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The Flexible Working Task Force, which is co-chaired by the CIPD and Department for Business, Energy and Industrial Strategy, was set up to help increase the availability and uptake of flexible working across the economy. Its members include:

Acas • Age UK • Carers UK • CIPD • Confederation of British Industry • Chartered Management Institute • Department of Health and Social Care • Department of Business, Energy and Industrial Strategy • Department for Work and Pensions • Equality and Human Rights Commission • Federation of Small Businesses • Government Equalities Office • HM Treasury • Timewise Foundation • Trades Union Congress • Working Families