Flexible Working – how to make it work for businesses and employees

Achieving a Return on Investment

March 2017

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1. Flexible Working in 2017

How to make it work for your business as well as your staff

Flexible working is a fact of life

For most industries the days of 9 to 5 working are long gone, according to research commissioned recently by healthcare company BUPA. We now live in a 24/7 culture where customers and consumers expect service immediately, and if businesses don't respond quickly enough, they will simply move on to the next one. In many respects brand loyalty is becoming a scarce commodity and this applies to staff as well.

In the days of the gig economy and portfolio careers, staff, particularly millennials, don't expect a job for life, and are actively looking for the best working conditions as well as career prospects. However, it cuts both ways and many employers are now (superficially at least) benefiting from zero hours contracts and annualised hours contracts as a way to keep a flexible workforce. These practices have been demonised, and may have a detrimental effect, particularly if they are abused by the employer. There have been many studies that show employee engagement is key to a productive workforce.

Recent research reveals that by 2025 the most coveted employee benefit will be flexitime working as workers consider work/life balance the most important perk the workplace can offer them. The research was undertaken by leading salary sacrifice scheme provider Grass Roots, and surveyed over 1,000 employees, aged 18+, asking them which workplace benefits are likely to be most important to them in the future.

Other types of flexible working include shared parental leave which has been much talked about in the press, but very few people are taking up the option. As the workforce ages, and forced retirement has now been banned, phased retirement is an option that often suits both employer and employee, and is increasingly popular. The staff member is able to continue working, but with fewer hours, enabling them to stretch their pension provisions while also enjoying more leisure time, and the business continues to benefit from the knowledge and experience of an older member of staff.

Flexible working works both ways

After years of austerity measures and now further economic pressures expected due to the uncertainties of Brexit, most businesses are continually looking for ways to make savings. The workforce is often the largest controllable expense, and one that is constantly under review. Simply cutting staff, or cutting hours, and setting ever higher targets may work in the short term, however such measures do not engender long term productivity. In short, to get the best out of people, organisations have to treat their staff well. One extremely cost effective way to do this is to offer some form of flexible working.

Getting the best out of staff, which tends to cover productivity, engagement, quality, and consistency of work, is key for organisations to prosper. It is no secret that motivated staff are more productive, provide a better service and generally are happier at work.

However, the difference in productivity between those that are motivated or engaged, and those that are not, has been reported as high as 90%. While this seems a very high figure, even if it's 50%, that is still a significant difference, and a potential opportunity to improve.

According to a 2012 Gartner survey only 29% of employees were engaged at work, with 52% identifying as unengaged and 19% as disengaged. This shows just how high the stakes can be. Flexible working has been proven to increase staff engagement, which in turn improves productivity.

With this in mind, at **hfx** we conducted our own flexible working study to see exactly what firms are offering. The results are presented in this whitepaper.

2. hfx Flexible Working Survey findings

Does your organisation have a flexible working policy?

In answer to this question 85% said yes. Of those that did not offer flexible working, half said that it was too difficult to administer and 25% said that there was no requirement. While 28% said that they were looking to review the situation in the next 6 months.
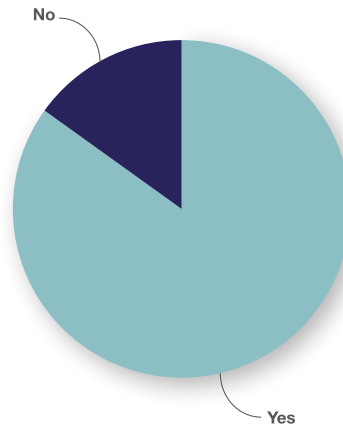
What types of flexible working does your company currently operate?
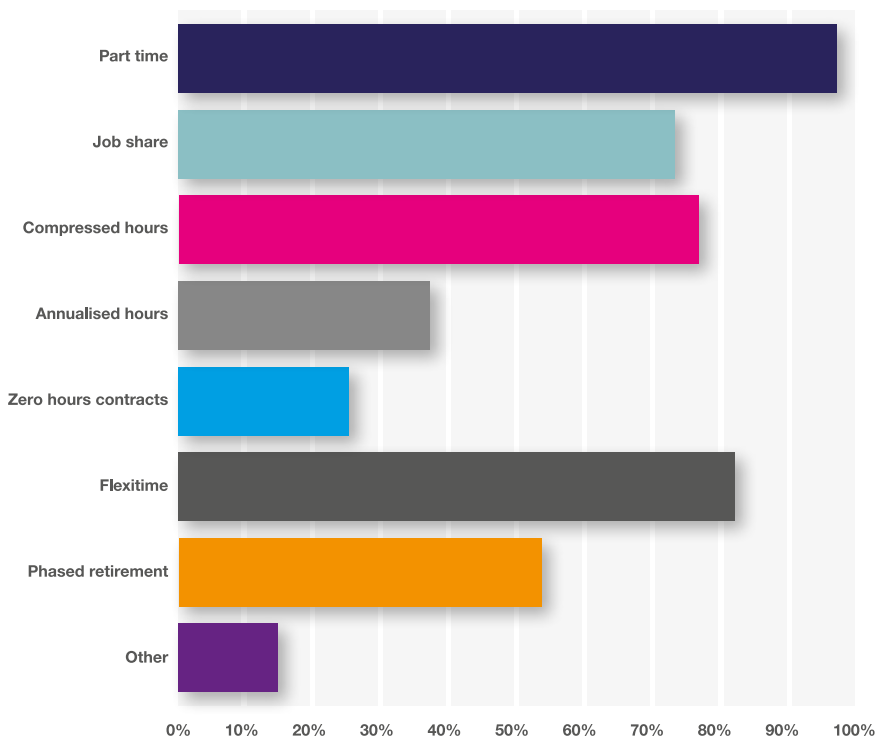
Part-time working is the most popular form of flexible working, followed closely by flexitime and compressed hours.

Who is able to take advantage of these flexible working options?

In 65% of companies flexible working options were open to all staff, with others offering the benefit on a case by case basis, or for qualifying staff only.

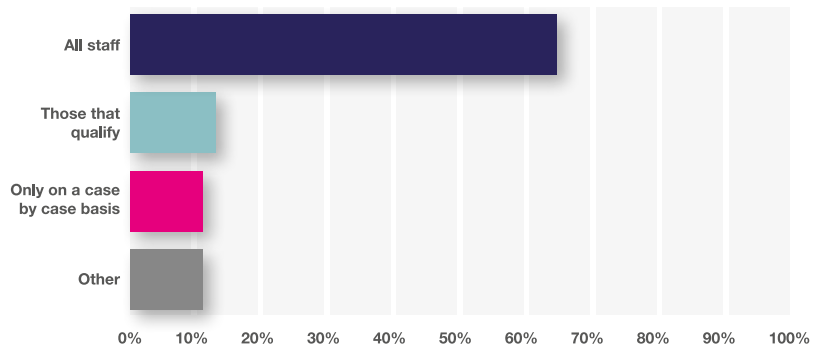On drilling down into the detail we find that in larger organisations and private sector companies there are far tighter controls on who is eligible for flexible working. i.e. in 21% of large organisations and private companies flexible working was offered on a case by case basis, and they were less likely to offer it to all staff (64% compared to 73% in smaller organisations and public sector).

What percentage of your staff currently work flexibly?

While nearly 85% of respondents offer flexible working, rarely do all staff take advantage. In less than 10% of organisations, public or private, large or small, do all staff work flexibly. In the public sector most have between 25 – 75% of staff working flexibly. In the private sector, 50% of companies have less than 25% of their staff working flexibly. Similarly in large organisations there are comparatively fewer staff working flexibly than in smaller organisations.
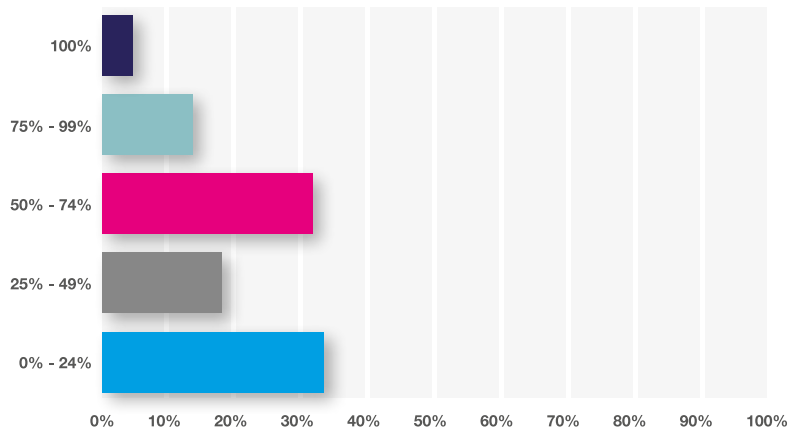
Are you seeing increased requests for flexible working options?

Requests for flexible working are increasing at a faster rate in the public sector (68% in public sector against 57% in the private sector), and also in larger organisations (78% in organisations with 1000+ employees against 52% of smaller organisations).

No

Yes
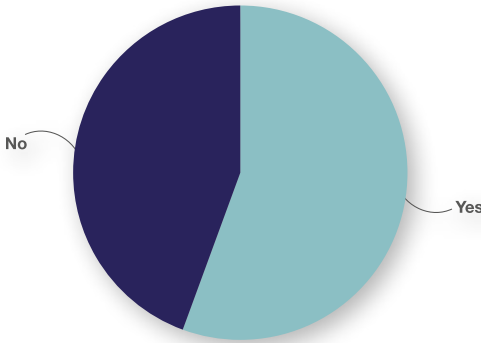
What are the reasons given for flexible working?

Family commitments is the most popular reason for requesting flexible working. After that travel/commute considerations. Making time to study is more likely in the public sector than private (77% compared to 62%) and in smaller companies over larger (80% compared to 63%)

Family commitments	
Study / external education	
Long distance travel / commute	
Sport / hobby / lifestyle	
Other part time work	
Reason not given	
Other	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
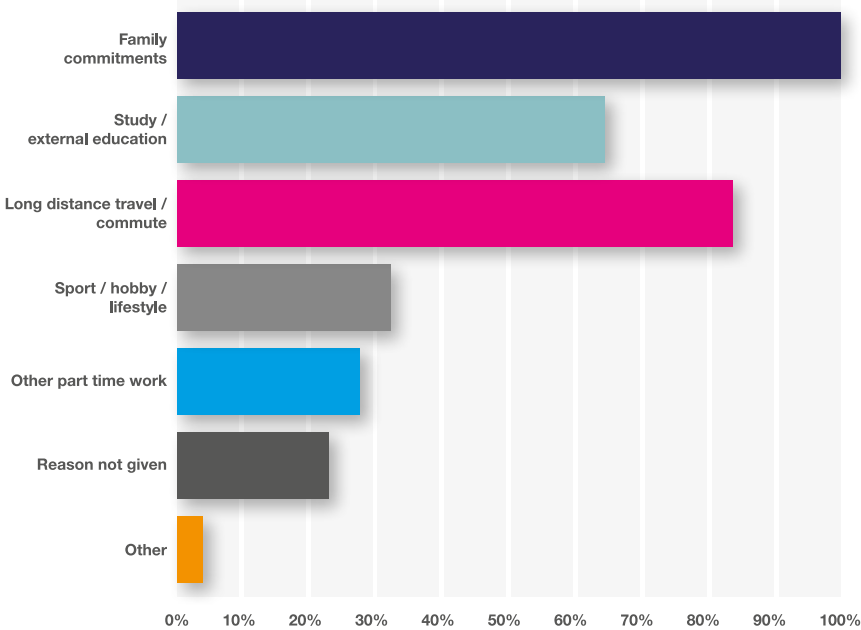
Do you offer phased retirement options?

Two thirds of those surveyed offered phased retirement options to staff. With public sector organisations far more likely (73%) than private sector companies (42%) to offer the benefit.

No

Yes
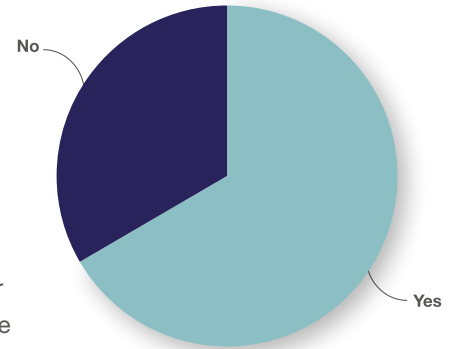
How many staff are currently on the phased retirement option?

1 - 10	
19 - 50	
50 - 100	
100+	
None	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
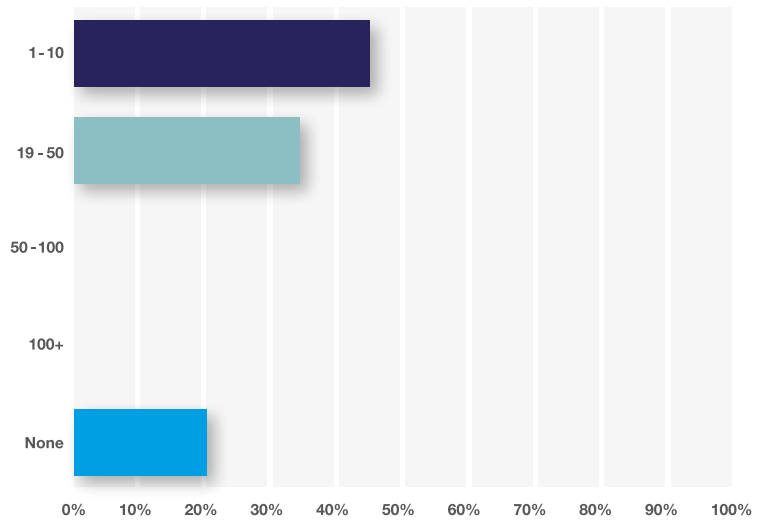
Take up is understandably slow as this has only become an option in recent years.

What is the reason that you don't offer a phased retirement option?

There is no requirement / no demand from staff	
It's too difficult to administer	
It wouldn't meet the requirements of the business	
We are looking at it for the future	
Other	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
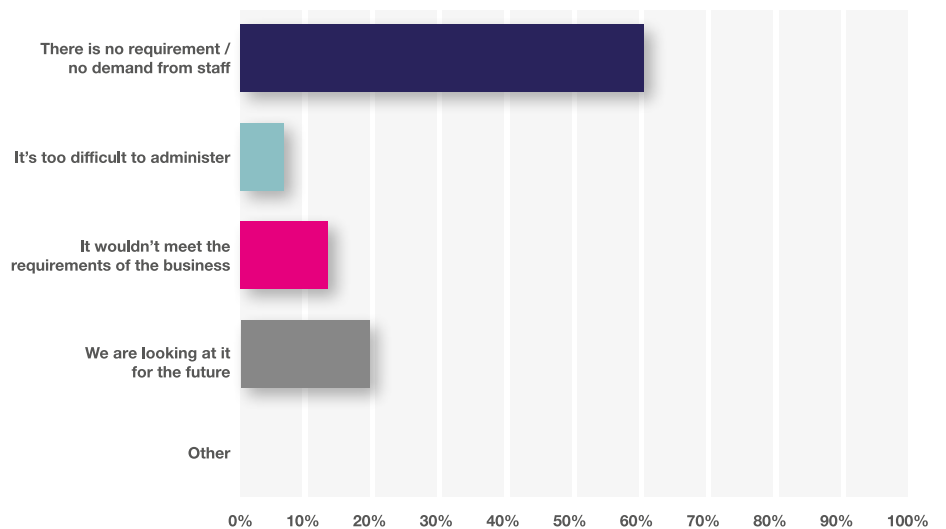
During the recruitment process is flexible working ever requested by candidates?

86% said that flexible working has been requested by candidates during the recruitment process. The likelihood was higher in the public sector at 95% against 78% in private companies. The difference between large and small organisations was negligible (89% in small organisations, 86% in larger organisations).
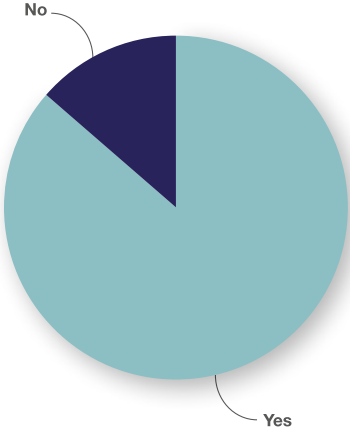
By age group, who is most likely to request flexible working?
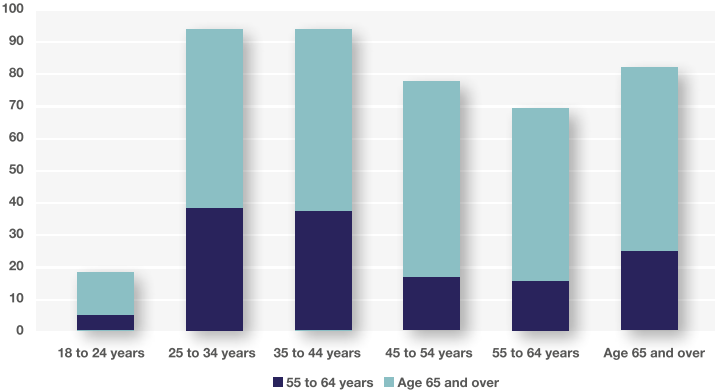
While this is pretty much as you would expect, what is quite interesting when we compare responses in detail, the differences in age groups is evened out somewhat in large organisations. For example, the incidences of the youngest workers (aged 18-24) being 'most likely' to request flexible working, is twice as high in large organisations as in smaller ones. The next graphs illustrate the difference.

Large organisations

Chart legend: Most likely, Quite likely, Less likely, Least likely

X-axis: 18 to 24 years, 25 to 34 years, 35 to 44 years, 45 to 54 years, 55 to 64 years, Age 65 and over

Y-axis: 0, 20%, 40%, 60%, 80%, 100%

Small organisations

Chart legend: Most likely, Quite likely, Less likely, Least likely

X-axis: 18 to 24 years, 25 to 34 years, 35 to 44 years, 45 to 54 years, 55 to 64 years, Age 65 and over

Y-axis: 0, 20%, 40%, 60%, 80%, 100%
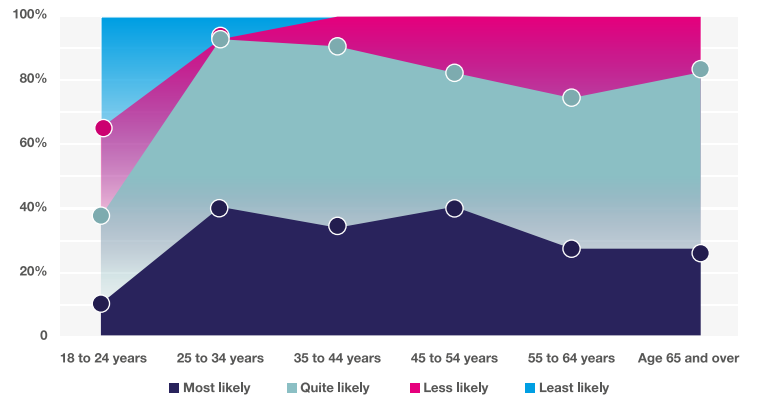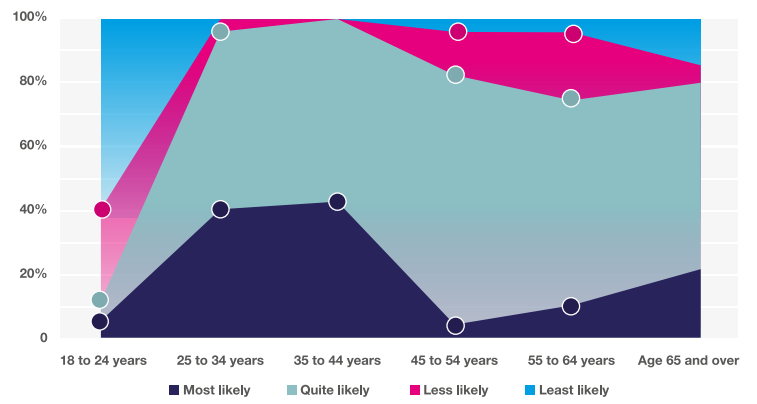
Does the provision of flexible working influence whether a candidate accepts the position?

There is a dramatic difference between large and smaller organisations. In smaller organisations provision of flexible working influences 82% of decisions, compared to 50% in larger organisations. This is supported by **hfx**'s own experiences, that a smaller company can win talent by providing more flexible working options.
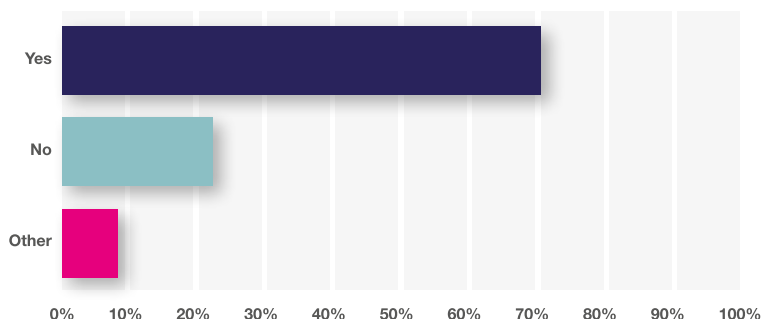
How do you see flexible working developing in the future?
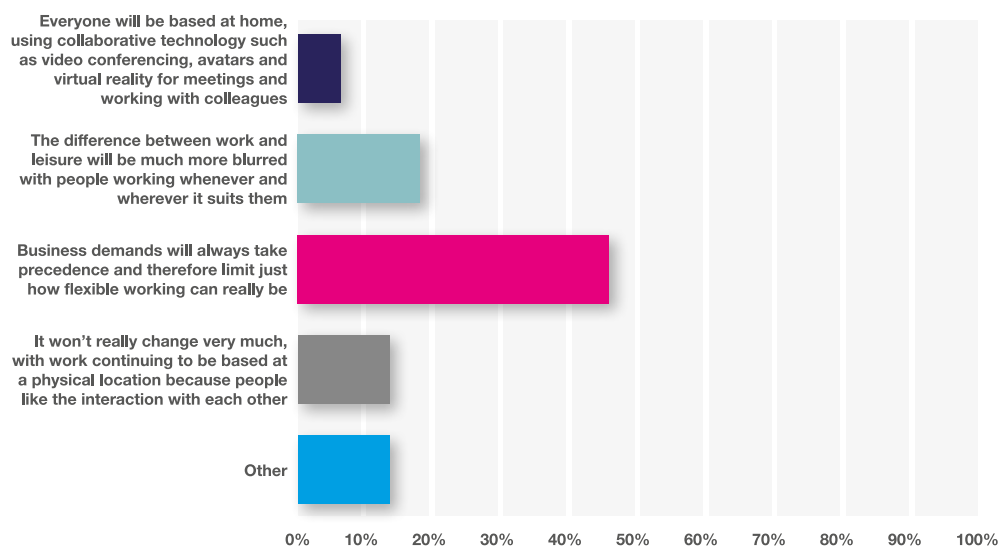
Looking to the future, the main difference in expectations is that in the private sector there is a greater feeling that the difference between work and leisure will become more blurred (21% in private sector compared to 10% in public sector). To some extent based on anecdotal evidence, we could say that this is already the case.

"Our hfx system gives us a fantastic management tool for security and for flexible working – it has enabled us to implement the new working rules seamlessly, is easy for staff to use and has given us the opportunity to retain experienced staff with new working policies."

Alasdair MacTaggart,
Assessor at Renfrewshire VJB.

3. What's in it for your business

As shown in our research, many employers are embracing flexible working arrangements as they gain popularity in the workplace. With more work life balance demands, many employees prefer working outside the normal working schedules required by most companies. They may have personal responsibilities – family care, attending community or social meetings outside of work. They may have personal preferences regarding which times are best for work productivity, for instance, looking to reduce commuting times.

The challenge for companies is how to manage these staff expectations and requirements with the needs of the business.

Technology has enabled flexible working in the workplace and for staff to work remotely. Employers and employees are beginning to appreciate this arrangement – employees can enjoy working at their own convenience, while employers benefit from a motivated and more productive workforce.

4. Key benefits of flexible working

- Flexible working allows employers to attract and keep the best talent. They can retain their top employees – people that are used to a flexible schedule and often find it hard to go back to a fixed working schedule. In addition, employees feel empowered when there is absence of micromanagement and presence of trust and respect. This fosters company loyalty, which in turn boosts the level of focus and productivity.

- Employees can handle business requirements outside normal working hours.

- Employees can undertake personal duties like taking care of the children, attending medical appointments or attending non-work meetings while still fulfilling their job roles.

- Productivity is fostered around the workplace- proper rest breaks are ensured so that stress and fatigue are avoided. Motivated employees are also more productive and goal-oriented.

- Reducing travel time by avoiding peak hours increases productivity, allowing more time to work on targets and deadlines, while enabling staff to balance personal chores and responsibilities.

- Employers can reduce some office overheads (for example, desks and utilities) with staff working remotely.

"World class companies spend 33% less on time & attendance and have error rates that are up to five times lower than average companies."

The Hackett Group

"Achieving a good work/life balance is embedded in our culture in the Library and flexible working contributes to this. Most staff are able to take advantage of the flexi-time policy. We have a policy where staff can take, with approval, up to two days accrued flexi-time in a four week period, which is motivating for staff whilst ensuring Library business is managed."

Christine Miller,
HR Partner at the National Library of Scotland

5. Finding savings in your biggest asset – your workforce

With the constraints of business today companies are looking for ways to increase corporate savings, both in the short and the long term. A company's workforce is often the largest controllable expense and the key target for review.

Initial attempts to control labour costs almost always focus on the direct costs of salary and benefits. However, there are other costs that often remain hidden: absenteeism, unapproved overtime, questionable sickness absences, lateness, finishing early, long breaks, unproductive employees – these can all add to a company's true workforce costs. And if people are working flexibly, how do you know that if they come in late and whether they make the time up later?

These expenses are not easy to identify – or more importantly, quantify or qualify. The associated administrative costs of tracking these additional expenses can also contribute to the labour costs themselves, yet this is usually overlooked when attempting to rationalise costs.

Aiming to reduce costs can seem at odds with providing a more flexible working environment for staff. However, you can't manage what you can't measure, and staff themselves like to know what hours they have worked so that they can build up hours for time off, or catch up where their hours are behind to match the number they are contractually obliged to work. They also like to know that everyone is being treated equally. The visibility and transparency provided by formalised tracking of hours is surprisingly popular with staff, as they will be recognised for work done, and slackers will have nowhere to hide.

6. What tools are available to help you?

The most efficient way for an organisation to tackle these issues is to deploy systems that can handle scheduling, attendance and absence tracking and other workforce management activities. Using such systems can automate time monitoring, help to ensure that schedules address working time compliance issues, as well meet staff requirements based on demand for services.

They allow organisations to proactively implement a flexible working policy that meets both the service needs of the business, company work policies and support employee work life balance.

Such a system can enable an organisation to manage many employee functions, including;

- Time Recording (including Flexitime and complex shift patterns)

- Absence Planning

- Overtime and shift requests

- Productivity reporting

Workers on flexible contracts tend to be more emotionally engaged, more satisfied with their work, more likely to speak positively about their organisation and less likely to quit.

The benefits of deploying a time and attendance solution can result in more accurate workforce scheduling in a dynamic service environment. It can also help to safeguard against staff unrest and union grievances by ensuring work patterns comply with workforce legislation. Staff feel that they are in more control of their working life, which also results in a more engaged and positive workforce.

"Being able to log in remotely means that our staff can move around and are more agile – our community workers and case workers can get more done in a day. It has made them much more productive and flexible, which in turn means that we can provide a better service to citizens."

Chris Staddon,
Corporate Assets Transformation Manager at Anglesey County Council

*"We are able to manage an unlimited number of working patterns, which is essential for us. We have a diverse workforce delivering a multitude of services to a largely rural community and therefore flexibility is fundamental. With this solution we can provide flexibility to our employees and to date approximately 75% of our workforce is using the **hfx** solution."*

Lisa Lewis
Development Manager at Mid Devon District Council

Reducing absence

With tighter management of its annual absenteeism rate an organisation can make significant cost savings.

Example:
In April 2016 median gross weekly earnings for full-time employees were £539 which equates to a payroll bill of up to £539,000 per week or £28,028,000 annually for a company with 1000 employees. Therefore a payroll cost saving of 1% could equate to £280,280 per year. (https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2016provisionalresults)

Reducing over payments

With accurate recording of hours over payments for work not done could result in a substantial amount. Employees can be over paid by as much as 30 minutes a day due to lateness, finishing early, long lunches, unauthorised overtime etc. With a system in place to record actual working hours, an organisation could significantly reduce these over payments.

Example:
A conservative 15 minutes savings per employee, per day, based on an average 230 working days per year – excluding rest days, holidays and public holidays – could represent a significant amount of money saved, if recorded accurately.

Reducing Industrial Tribunals

Managing hours accurately benefits both employer and employee. Staff know where they stand, and know that they will be fairly compensated for hours worked. The business also benefits, because using a transparent system where it is clear to all who worked when, means that disputes over hours, for example, persistent poor time-keeping, can be quickly resolved. This type of clarity is often instrumental in avoiding industrial tribunals.

Ensuring that work schedules are designed to meet customer and staff needs can be more effective by empowering managers and supervisors with the right tools to manage schedules.

Supervisors who are able to perform their own staff scheduling and reporting can make a real difference to the bottom line. It puts control and decision-making power where and when it is needed. A combination of improved scheduling, with the removal of unintentional overtime, could potentially deliver savings of 10% or more your organisation's current overtime bill.

Efficiencies within payroll processes

In addition, the more uniform structure created by simply coordinating all of your pay rules and policies and incorporating them into a workforce management system, can save between 2.5% and 5% of company's payroll cost. Taking the lower conservative estimate of 2.5% is a significant saving for any organisation, and when coupled with the likely reductions in absence and general tightening up on time keeping, this could translate to immediate and substantial savings.

"Productivity has definitely improved, everyone knows that the system is accurate and so there is no dispute – and we have seen a definite improvement in timekeeping. Habitual lateness can now be addressed with no ill feeling. Plus we ensure that staff take their cards home with them, so they can't get their friends to check them in."

Robert Thorogood
Financial Director, Thorogoods

7. Implementing the right tools – a benefits review

Implementing a system to manage and record working hours enables the provision of flexible working policies and can pay dividends in reducing hidden costs;

- Delivers a complete picture of employee efficiencies and trends for the entire organisation over extended periods of time

- Sets KPI and targets to be achieved by departments

- Delivers more accurate reporting of employee and payroll hours and forecast costs

- Integrated solutions result in less overheads increasing profitability

- Increases employee attendance and reduces overtime

- Enables calculation of employee costs more accurately, for payroll forecasts

- Promotes more efficient work scheduling, resulting in higher productivity with the same or reduced payroll

- Provides management with tools to help eliminate needless overtime

- Processes payroll more accurately

- With On-Premise and On-Demand options expenditure can be structured to meet the profile of your workforce and your capital and current expenditure

8. Summary

Time is a precious commodity

In the past work schedules were designed to meet business requirements and shift patterns that included night work or weekend working were often compensated at higher rates of pay to attract staff to fill those difficult, less popular shifts.

However, this meant that staff may have been working at times least suited to their personal preference or their best performance, as a result overtime and working unsocial hours becomes a costly way of keeping a business going. It also worked on the assumption that those particular shifts were undesirable, whereas in fact the opposite may have been the case. Employers may, therefore, have been paying an unnecessary premium to fill those shifts.

What we have learnt over the years is that salary is no longer the key motivator for many people. Time is more highly valued. Asked about the best time to work, some staff might request an early start with an earlier finish, maybe to accommodate school hours. Alternatively, night birds may be happier with a later start, preferring to work later into the evening.

Every person values their time in a different way, according to the priorities in their life, and the successful company is the one that can adopt a flexible approach that accommodates these different requirements.

A win-win for business and staff

If a business can match its own 'valuable' times when it requires staff to be working with patterns that suit employees, it is a win-win. With flexible working (however that may look) – individuals also achieve a work life balance and are more committed and motivated as a result.

The good news is that businesses are adapting to meet these new challenges and there are technologies available to help them become more agile. Time and Attendance systems used to be a way of managing hours for traditional workforces – for factories, retail outlets and the public sector. Today we have HR systems that have been developed to enable companies to manage flexible working, not just capturing working hours, but to create shift patterns that marry up staff expertise and choice with the needs of the business.

Looking to the future of work, businesses that adopt this approach will help individuals to embrace a working life that may extend longer, but one where the balance will be different. With fewer people being in a position to retire early, their priorities will change to balance their working life with other commitments and lifestyle.

The business case is there, the technology is ready – are you ready to meet the new challenges of flexible working?

About hfx

hfx introduced the concept of flexible working hours over 40 years ago and is a leading provider of time management systems to both the public and private sectors today.

hfx, with its 'one card – one solution', incorporates access control, photo ID, time and attendance recording, flexitime management and provides seamless integration with major HR and payroll systems. **hfx** can be configured to meet exact requirements and supports unlimited numbers of work patterns.

hfx services clients across the public and private sectors throughout the UK, including Home Office, Merck, Bentley Motors, adidas, Buhler Sortex Ltd, The Society of Motor Manufacturers & Traders (SMMT), Eaton Limited, MoD, National Farmers' Union, Borough Council of King's Lynn & West Norfolk, North Lanarkshire Council, East Renfrewshire Council, Isle of Man Government, MoJ, Met Police, Flintshire County Council, Office for National Statistics, UK Intellectual Property Office, NHS Business Services Authority, Pembrokeshire County Council, Science and Technology Facilities Council, and many more.

Apply any flexible working policy securely, transparently and with consistency.

To find out more about **hfx** and our solutions please call **01438 822170**, visit **www.hfx.co.uk** or email **sales@hfx.co.uk**

Flexible working solutions