

# FLEXIBLE WORKING

How to benefit without  
bending over backwards



***In just over a month employers will be legally obliged to consider requests for flexible working arrangements from some employees. Many companies already offer flexible working arrangements, and enjoy improved employee attraction and retention and cost-savings as a result. CHRISTY DOWLING finds out how you can make the new right-to-request flexible work work to your advantage.***

ONCE a year, managers at PepsiCo Australia and New Zealand ask each employee the same question: "What is the one, simple thing I can do as your manager to improve your work-life quality?"

That one simple thing can potentially have a big impact on an employee's life. They might be allowed to leave at 3pm once a week to coach a child's sports team, or be given an extended lunch break twice a week to go to the gym, or a day off in December for Christmas shopping.

It is one of a suite of initiatives that make up PepsiCo's Work Life Quality program.

Since the program began, PepsiCo has measured a 14% improvement in employee engagement and within 12 months there was a 50% reduction in voluntary staff turnover.

From January 1 next year, all Australian employees with children under school age or with children with disabilities aged up to 18 will have the right to request flexible work arrangements under the National Employment Standards. Employers must respond in writing, within 21 days, and may only refuse a request on "reasonable business grounds."

The success of flexible work programs at companies like PepsiCo illustrates how organisations can use the new laws to their advantage, and how they can benefit by going beyond legal obligations.

PepsiCo Australia and New Zealand human resources director Alexandra Richardson says the business case for the Work Life Quality program revolves around the belief that talented men and

women are seeking greater flexibility from their employer and that PepsiCo must do a better job of enabling employees to balance their lives if they are to be a preferred employer for the best and brightest.

"It is not intended to change our focus on results and performance, but recognises that performance and results are not the same as 'face time in the office,' and that employees can be just as successful in their jobs, even more so, if we provide them with greater flexibility in how they achieve their results," Ms Richardson says.

Following the program's launch in 2008, PepsiCo had what Ms Richardson refers to as one of its best ever years in terms of financial performance.

She says employees who are given flexibility to better manage their lives outside of work are less distracted when they are at work, less stressed and therefore more productive.

Flexible work can take many forms, including:

- flexible hours (leaving early or starting late and making the hours up at another time);
- compressed hours (working 40 hours over four days and having a day off

each week);

- working remotely (from home or elsewhere); and
- reducing hours on request.

It is hoped that the January 1 changes will make life easier for people who have responsibility for young children or children with disabilities. Employers too are set to benefit from having happier, more relaxed, and more motivated staff.

It is likely, too, that the pool of talent available for hire will increase as it becomes easier for parents to share caring responsibilities and less likely that people will settle for roles beneath their capabilities in order to juggle work and non-work responsibilities.

Juliet Bourke, director of workplace flexibility consultants Aequus Partners, says the new legislation provides employers and employees with a framework for conversations that are already going on in Australian workplaces.

"The difficulty has been finding that balance between employee needs and manager needs, and this legislation helps with that framework because it says, okay, there has to be a request

### *Examples of flexible working arrangements:*

Part-time

Jobshare

Working from home (or another off-site location)

Flexitime

Time in lieu

Compressed weeks

Four-day weeks

Gradual retirement (where an employee approaching retirement reduced days/hours over a period of time, before fully retiring)

Personal/Annual leave

Parental leave

Study leave

Leave without pay

Purchased leave

Childcare on-site (which is offered at some ABC sites)

"Wellness Days" – a PepsiCo initiative where employees are able to use accrued sick leave to somehow invest in person or family wellbeing

and it's in writing and you've got 21 days to respond, and the things that you think about are whether you can do it or whether the denial is going to be on reasonable business grounds," Ms Bourke says.

She says it will also be a conversation starter for managers who have been avoiding flexibility discussions.

"What a lot of our research has been showing is that there's a lack of confidence in managers about how to deal with it. They're not sure where one person's request is going to go. Is it going to create disharmony in the team? Is everyone going to want to do it?"

An Aequus Partners survey of Australian companies found that 59% expect an increase in requests for flexible work after January 1 from employees who are not eligible under the right-to-request. A total of 39% also expect an increase in access by this group – i.e. they do not intend to limit the opportunity to employees covered by the National Employment Standards.

Ms Bourke suggests that the January 1 changes provide an opportunity for employers to demonstrate "fairness and equity" to other employees, and give them access to the same speedy, transparent process.

"I think there will be an increase in access just in the sense that people will say, 'Okay, it doesn't technically matter whether you are eligible or ineligible. Let's just focus on the practicalities. Can this work for us as a business?'

And I think that's really I think where this legislation will be going."

She emphasises that it is in companies' best interests to have a collegiate environment to ensure the effectiveness of the flexible working arrangements of those employees who are legally entitled to request them.

"It doesn't really matter what your reason for doing flexibility is, if you need to work from home, you need someone back in the office who's going to make that back office stuff work," Ms Bourke says.

"You need a collegiate environment to make that happen, and the way that you do that is by seeing everyone as having valid work/life needs."

The obvious omission from the flexible work provision in the National Employment Standards is a right-to-request flexible work for employees with caring responsibilities for adults and school-age children.

Carers Australia CEO Joan Hughes does not believe the right-to-request goes far enough. She says Carers Australia believes it should apply to all carers.

A Federal House of Representatives enquiry into better support for carers recommended the provision be extended to all employees with "recognised care responsibilities, including to those who are caring for adults with disabilities, mental illness, chronic conditions or who are frail aged." The government elected not to follow that advice.

Ms Hughes says there are nearly 2 million carers of workforce age, many of

whom have had to reduce their hours of work or give up paid work completely.

"Many of our family carers, if they are in employment, are working just a little bit below their qualifications," Ms Hughes says.

"And most of our family carers are skilled people, and many of them are in areas of work where there are skills shortages, so it makes sense to us (to include them in the new law). It makes sense to everyone. It's logical. It's one of those areas that we feel very strongly about."

Ms Hughes argues that carers are saving the government billions of dollars each year, because the government would be paying for services if those carers all worked regular, full-time jobs.

She would like carers to have access to flexible hours, working-from-home arrangements, and to be able to use leave for personal carers' duties or take unpaid leave when necessary.

### The business case

Cranfield University School of Management research from the UK has found that employees who are better able to integrate work and non-work activities experience enhanced wellbeing and repay their employer with "improved levels of motivation and drive".

Employees with flexible work arrangements reported high levels of commitment to their employer, and their managers and colleagues agreed.

In an interview with BCI, Clare Kelliher, Cranfield University's senior lecturer in strategic human resource

### *In a nutshell: what you must do if your company falls within the national workplace system (and most do):*

- Give serious consideration to any request for flexible working arrangements from an employee with more than 12 months continuous service (or a long-term casual employee) who has a child under school age, or with a child with a disability aged up to 18.
- If you want to refuse the request, you must be confident you are doing so on "reasonable" business grounds.
- Respond to that request in writing within 21 days.
- If you are refusing the request, you must detail why in the written response.
- Take into account any state or territory laws that may be more favourable to the employee – they override the National Employment Standards provision.
- Obtain a Fair Work Information Sheet from Fair Work Australia and give it to all employees who commence employment after January 1.

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## *Businesses must bring themselves up to speed*

FLEXIBILITY consultants Aequus Partners have warned that most managers do not know how and when they will have to respond to requests for flexible work after new laws come into effect on January 1.

The results of an Aequus study released in September show that more than 80% of respondents (mostly human resources, diversity and law practitioners) rated employees' and managers' knowledge of the right-to-request as non-existent or low.

With most respondents also saying they expect the right-to-request to generate more work for them, Aequus says that without the introduction of new and streamlined processes, the workload will become overwhelming.

The report warns that non-compliance poses legal risks and could result in reputational damage.

Aequus Partners director Juliet Bourke says that if managers do not know how to respond to requests for flexible work, the opportunity to use the legislation as a framework will be missed.

"It provides a framework for both sides of the conversation to set their expectations and work through a process to get to an outcome," Ms Bourke says.

"I think it's for both to resolve the tensions about work/life in a way that's good for business and in a way that's good for employees."

For further information go to [www.aequus.com.au](http://www.aequus.com.au) or [www.workplaceflexibility.com.au](http://www.workplaceflexibility.com.au).

management, says there is some evidence to show that employees often put in longer hours and work more intently when they are away from the distractions of the office.

She says flexible working can result in more efficient use of labour by enabling longer operating hours without paying overtime, for example. But she cautions that it is not a solution to under-resourcing.

"However, I have seen it used quite effectively as a way of helping employees manage heavy workloads," Dr Kelliher says.

"They can achieve a better fit with non-work activities, but to work well it needs to be open to all employees."

Here in Australia, Edward Butler, senior analyst with business researchers Ibis World, says securing generation Y (born between the late '70s and the late '80s) employees is another benefit of flexible work practices.

"The baby boomers are now starting to reach their mid-60s, so there's going to be a mass of retirements in the next decade, and what that means is gen Y is facing an entire decade or two with a really favourable employment market for them," Mr Butler says.

He says companies are going to lose a lot of very experienced staff, and employees in their 20s and early 30s are "very well aware" of their market value and do not value wage as highly as people might imagine.

"Companies are aware of this, so what they're trying to do is come

up with a way to increase the level of flexibility in the workforce and make it easier to retain staff without having to necessarily increase wage costs.

"And one of the best ways to do that is to start measuring by output rather than input, the difference being, if you have an input-based workforce or workplace, people are expected to come in at a certain time and leave at a certain time, because that's how you measure their performance," Mr Butler says.

"Working by output you can say, 'This is how much you have to do between now and January', for example, and as long as they meet those targets, then they are allowed flexibility within that structure."

Mr Butler says there is a keen awareness amongst younger workers that they can and will take their skills elsewhere if they're not happy.

"The companies that aren't very reactive to that environment are likely to find themselves losing talented staff."

### **From gen Y to the Y chromosome**

Offering flexible working arrangements may well be the key to attracting talented men, as well as women and younger workers.

A recent study conducted by the Equality and Human Rights Commission (EHRC) in the UK found that two-thirds of all fathers considered the availability of flexible working to be important when they were looking for a new job.

Right-to-request flexible work laws

have been in place in the UK since 2003; in April, they were extended to apply to parents of children aged up to 16.

The EHRC study found that while 46% of fathers say they spend 'about the right amount of time at work', half of them feel they spend too much time at work. However, fathers were more likely than mothers to agree that they could meet the needs of both work and care (50% versus 42%).

Australia's Sex Discrimination Commission Elizabeth Broderick says one thing that would change everything for women for the better would be the better sharing of paid and unpaid work between men and women.

"That is absolutely at the heart of everything," Ms Broderick says.

"It's at the heart of pay equity, it's at the heart of women in leadership and on boards, it's at the heart of ensuring that women aren't in poverty in retirement."

Ms Broderick says that although men are doing less paid work as a result of the financial crisis, the figures show that they have not picked up a greater share of unpaid work.

"I think in the workplace it's about having gender-neutral, family-friendly policies; it's about encouraging men to work differently, to work in flexible work arrangements, and also to access leave at the time of the birth of their children or for elder care responsibilities; maybe to take mum to chemotherapy or whatever it is.

"It's creating a culture which is

inclusive of all people with caring responsibilities.”

Ms Broderick believes that men are the key to effecting the attitudinal change that is necessary to support flexible work arrangements.

“Unfortunately you can have any number of mothers with young children in flexible work arrangements and it won’t shift the culture, necessarily.

“Whereas a man in a flexible work arrangement, particularly at a senior level, says ‘you can be a serious player in work, and a dad,’ so I think it’s got a much greater potential to shift corporate culture or workplace cultures.”

Research suggests having policies in place may not be enough to convince men it is okay for them to work flexibly. More active encouragement may be needed.

The EHRC study found that 36% of fathers said concern about being seen as not committed to their job would stop them from requesting flexible working arrangements, and 44% would hold back for fear of reducing their chance of promotion.

The Cranfield University study produced similar findings, reporting a general belief that adopting flexible working practices could harm careers.

It found evidence to support their concerns, with some respondents also identifying a “privileged view” of full-time over part-time workers, with those working fewer hours “almost being

‘parked’ until they returned to a full-time contract in the future and were once again perceived to fully participate as an employee.”

The report says that where employees are cautious about taking up flexible work practices because of fears of negative career impacts, it can be argued that the culture is hostile.

### Overhauling policies

Greater cultural resistance to flexible working was found in organisations where the take-up was dominated by certain employees, “such as parents of young children” – a good argument for taking policies beyond what is required by the National Employment Standards if you want to create a “collegiate environment”.

The Cranfield University report, *Flexible Working and Performance*, recommends that implementation be accompanied by a review of HR policies originally designed for full-time employees.

“This is particularly important for issues such as career progression, supervision and face time.”

The Australian Broadcasting Corporation’s diversity manager, Chrissie Tucker, says the ABC works to ensure diversity strategies are embedded throughout the organisation.

“Then people don’t see it as something that’s separate or an add-on or a social benefit. It’s actually a genuine, workplace-integrated strategy,”

### *In a nutshell – what you can do*

- Make all employees aware of their rights or lack thereof in relation to the new law, and make them aware of your company’s own policies.
- Have managers initiate flexible work conversations with employees
- Differentiate between performance and visibility
- Consider what sorts of flexible work options might work at your company, and with which roles
- Make sure managers know what policy is and feel comfortable acting on it
- Consider whether it is in your company’s best interests to extend opportunities for flexible work to all employees
- Consider how each role can be measured according to outputs (work completed) rather than inputs (time an employee is seen to be working)
- Review all company policies and ensure they don’t privilege regular workers over flexible workers
- Trial flexible arrangements
- Monitor the outcomes
- Enlist your CEO and senior management as champions

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Ms Tucker says.

The ABC will not have to make many changes on January 1, because managers have long been required to seriously consider any request for part-time work or another varied work arrangements.

In June, the ABC launched an online tool for managers. It includes the organisation's policies and some case studies of flexible work in practice.

Ms Tucker says the case studies

don't just feature staff who have children, but also staff with elder care responsibilities, and someone who just wanted to take time off to write a book, for example.

When the online tool was launched, managers watched actors play out improvisations of the dilemmas they might be faced with and the sorts of flexibility people might require.

The ABC, Ms Tucker says, has found that flexible work arrangements can

## *From the Fair Work Act 2009:*

### **Division 4—Requests for flexible working arrangements** **65 Requests for flexible working arrangements**

Employee may request change in working arrangements

- (1) An employee who is a parent, or has responsibility for the care, of a child may request the employer for a change in working arrangements to assist the employee to care for the child if the child:
  - (a) is under school age; or
  - (b) is under 18 and has a disability.

Note: Examples of changes in working arrangements include changes in hours of work, changes in patterns of work and changes in location of work.

- (2) The employee is not entitled to make the request unless:
  - (a) for an employee other than a casual employee—the employee has completed at least 12 months of continuous service with the employer immediately before making the request; or
  - (b) for a casual employee—the employee:
    - (i) is a long term casual employee of the employer immediately before making the request; and
    - (ii) has a reasonable expectation of continuing employment by the employer on a regular and systematic basis.

Formal requirements

- (3) The request must:
  - (a) be in writing; and
  - (b) set out details of the change sought and of the reasons for the change.

Agreeing to the request

- (4) The employer must give the employee a written response to the request within 21 days, stating whether the employer grants or refuses the request.
- (5) The employer may refuse the request only on reasonable business grounds.
- (6) If the employer refuses the request, the written response under subsection (4) must include details of the reasons for the refusal.

### **66 State and Territory laws that are not excluded**

This Act is not intended to apply to the exclusion of laws of a State or Territory that provide employee entitlements in relation to flexible working arrangements, to the extent that those entitlements are more beneficial to employees than the entitlements under this Division.

(To see the full Fair Work Act 2009, go to <http://tinyurl.com/fairworkact>)

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save money where roles are part-time rather than full-time, or in retention and retraining costs.

"If you've got job-share and it's quite a crucial area, then you've got back-up and if someone goes on holiday then you've got somebody else," she says.

Clare Kelliher says it is important that flexibility policies are not bolt-on policies. Related policies, such as performance management systems and promotion policies, should also be changed.

She says visibility, for example, is often taken into account in an organisation even if it is not explicit. When people work from home or outside regular hours, visibility loses its relevance to performance.

Given there is now plenty of evidence to show there can be real benefits to a business with flexible working practices, Ms Kelliher says it makes sense to extend the opportunities to all employees. But she notes that offering flexible work presents managerial challenges and that these need to be taken into account.

She says that clearly some jobs are more amenable to certain types of flexible working, and some less so. But she says sometimes myths need to be challenged and questions asked about whether work really needs to be done in the traditional way.

"In the current recession, where employers may be asking employees

to change their working arrangements, more managers may experience their staff working flexibly and this may serve to break down some of these barriers," she says.

The Cranfield University study found some evidence that the outcomes of requests for flexible work arrangements could depend on managerial attitudes, but also that that could be managed through managerial training.

It said trust was a recurring theme, and that if employees were not working in the office, or if they were working different hours, then a degree of trust was required.

Juliet Bourke from Aequeus Partners argues that it is not about trust, it is about being clear about expectations and targets so that the resulting work – the outcomes – can be measured against them.

"That really should be what happens (with employees working regular hours) in the workplace as well," Ms Bourke says.

She says it forces managers to articulate what is required of employees and to consider how outcomes can be met, while at the same time meeting flexibility needs.

And she notes that a flexible arrangement can, of course, be trialled for a few months, and abandoned in favour of the previous arrangement if it does not work out.

Ms Bourke also recommends that

organisations audit their flexibility programs, tracking things like how requests are dealt with and what happens if a request is rejected.

"No-one really measures, did that employee stay? Was there increased unplanned absenteeism? You know, you told them that they couldn't have every Friday afternoon off, so what do they go and do? They go and take a sickie.

"How is that in your interests? So tracking the outcome of it is just as important as tracking an approval."

PepsiCo's Alexandra Richardson says one of the key challenges in introducing flexible work is overcoming some managers' perception that greater flexibility will result in fewer working hours and staff being less productive.

"Key to the success of this program was high-level sponsorship and championing of the initiative by the CEO and executive leadership team," Ms Richardson says.

Now, PepsiCo has embedded its Work Life Quality program objectives in managers' written performance objective plans, linking implementation directly with performance ratings.

Like PepsiCo, pharmaceutical company Pfizer faced some initial resistance but has since found that flexible work arrangements are good for staff retention.

Twelve months ago Pfizer re-launched

## Correcting the balance

ASIDE from direct benefits such as employee attraction, retention and cost-savings, flexible work practices may help address another peripheral but significant issue: pay inequality.

The 2009 Equal Opportunity for Women in the Workplace Agency *Survey on Paid Maternity Leave, Sex-based Harassment Initiatives and the Gender Pay Gap* features 10 tips for addressing pay equity in an organisation.

Five of the 10 involve flexibility: offering flexible working arrangements when senior and middle-ranking positions become vacant; identifying jobs that could be redesigned for job-share or part-time work; undertaking a survey on work/life balance implementation; stating the availability of job-share and part-time work in job ads; and investigating a range of flexible practices that could be introduced.

The same survey cites "failure to understand the difference between hours worked and outcomes achieved" as one of the key causes of the gender pay gap (which was 17.2% in February this year).

Promoting flexible work practices in your organisation might help address any internal pay imbalance, and also contribute to addressing pay inequality Australia-wide.

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an existing practice where all employees were given the opportunity to request a flexible work arrangement.

The company wanted to “reinvigorate” the program, and ensure it was applied more consistently.

Talent and organisational capability manager Amanda Lizier says a wide variety of flexible arrangements are in place at Pfizer, including job share, compressed weeks, four-day weeks and the ability to work from home one day or more a week.

Ms Lizier says that to begin with, some managers had concerns about business impact.

“There were some challenges in convincing managers that not everyone would be beating down their door to

work flexibly,” Ms Lizier says.

She says Pfizer allayed the concerns by providing managers with education and support.

“Most resistance has disappeared as flexible work arrangements have become more common and more people have received education about the program.”

Like any big change, flexible work practices take some effort to get right.

But with the new laws coming into effect next year, businesses will have to invest some time and resources anyway. The benefits could be multiplied if the opportunity is offered to all staff, not just those with legal entitlements.

It would perhaps come at a greater cost, but the benefits provide a worthy return on investment. **BCI**

## *Life Support*

GETTING the most out of employees at work by helping them negotiate the balance with their home life doesn't have to stop at being flexible about hours and location.

Other forms of support can enhance a flexibility program.

There are a number of measures Carers Australia CEO Joan Hughes would like to see companies take to help carers juggle their work and caring responsibilities.

Among them is bringing together groups of people with caring responsibilities so they can share information and provide each other with support.

“Carers Australia would love the opportunity to come into workplaces and just talk about what all the options are out in the community,” Ms Hughes says.

The Australian Broadcasting Corporation has already taken a step in that direction, introducing an online elder care kit earlier this month.

Diversity manager Chrissie Tucker says the kit will be updated once a year, and provide information about various aspects of elder care.

The kit outlines “the kinds of facilities, where they are, the kinds of services, financial arrangements, wills, all the sorts of things that could help staff who have caring responsibilities or who are about to have caring responsibilities for elders,” Ms Tucker says.

For further information:

[www.abc.net.au/jobs/choice.htm](http://www.abc.net.au/jobs/choice.htm); [www.carersaustralia.com.au](http://www.carersaustralia.com.au).