



FAIR FLEXIBLE FUTURES #3

Reaching a positive financial return on investment in flexible working

**SUMMARY
REPORT**

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This report is part of a programme developed by Timewise, called Fair Flexible Futures. It is designed to catalyse more inclusive and productive workspaces post pandemic.

- Those in higher paid desk-based roles are benefitting from the flexible working revolution whilst those in low-paid and frontline positions are not, creating a two-tier workforce.
- Flexible working has the potential to redress many of these inequities and employer challenges whilst also contributing wider societal benefits, including improved health and well-being.
- This analysis from the IES is valuable in offering a new dimension, showing the commercial benefits of flexible working to employers by quantifying the cost of investment in structures and practices to achieve these key outcomes for frontline as well as office workers.

Timewise is acutely aware of the inequalities in access to flexible working in the labour market and is tackling these in collaboration with employers and partners across the UK. There are some groups of workers who have constraints that mean they need flexibility more than others, including carers, older workers, and people with disabilities and health concerns. But they are often unable to access it. Some are excluded from the labour market altogether. Some (particularly older workers) are opting out of work because it does not 'fit' their lives and needs. Others (particularly women) are underemployed and trapped in their jobs because of the lack of advertised flexible roles at more senior levels.

The system is broken. These national and regional labour market inequalities are replicated within organisations. Typically, those in higher paid desk-based roles are benefitting from the flexible working revolution whilst those in low-paid and frontline positions are not. Yet we know that the majority of workers, regardless of age or gender, want flex and employers are facing a huge recruitment challenge combined with imperatives to diversify their workforces and narrow gender gaps.

Flexible working has the potential to redress many of these inequities and employer challenges whilst also contributing wider societal benefits, including improved health and well-being. Consequently, over the last few years, the Innovation Unit at Timewise has focused its attention on frontline industries facing significant operational barriers to granting employees greater control over when, where and how they work to better integrate their work and personal lives.

This report by the IES draws on the findings of five pilot studies undertaken by Timewise in organisations in retail, construction, education, social care and the NHS. Collectively these sectors employ over 8 million people and face acute recruitment and retention challenges. Timewise used a range of research methods to: understand the needs and interests of both employees and employers, explore the availability of flexible working arrangements versus the demand for them, and assess organisational operational and cultural barriers. The evidence gathered formed the basis of discussions with participating organisations to co-design flexible solutions that work for both the employee (regardless of role, pay grade and function) and the employer.

There is a substantial existing evidence base on the benefits of flexible working to employees and organisations. Flexible working is associated with the following improved outcomes: increased well-being and job satisfaction, increased gender equality, raised performance and commitment, and reduced absenteeism. But this latest evidence from the IES is valuable in offering a new dimension, showing the commercial benefits of flexible working to employers by quantifying the cost of investment in structures and practices to achieve these key outcomes for all employees. This will drive change among employers to ensure consistent and even practices across organisations to reduce disparities and widen access to flexible working arrangements.

Key findings

- Providing good quality and fair flexible working arrangements for all employees is a top priority for employers as we emerge from the pandemic, but it requires investment. This report shows that the cost of investing in interventions to ensure good quality, sustainable and fair flexible working arrangements can be recovered within a short space of time.
- Out of the many reported benefits of flexible working, the analysis focused on two outcomes that can easily and reliably be quantified: reduced sickness absence and reduced staff turnover. Sector-specific estimates of the rates for these two factors were obtained from industry sources. The analysis found that the costs of investing in a one year programme to improve the implementation of flexible working could be recovered within three years and lead to long-term benefits.
- While the analysis shows how little impact is needed for flexible working interventions to be financially worthwhile, the reports on the Timewise pilots show that there is plenty of potential in frontline sectors, as they are starting from a low base. Take-up of flexible working (which largely equates to lack of access to it) is low.
- Only modest improvements are needed in either reduced sickness absence or reduced staff turnover for the benefits of a flexible working programme to outweigh the costs within 3 years.

>> **Retail** For a store with 200 shopfloor sales/retail staff including supervisors, the costs of the flexible working programme would be recovered within three years by a reduction in sickness absence of 16% per year. This equates to a reduction of 0.8 sick days per person per year.

>> **Adult domiciliary care** For an organisation with 200 domiciliary care staff, break-even would be reached within 3 years by a reduction in sickness absence of 29% (1.2 days per person) per year.

>> **Construction** A site with 200 construction staff would require a reduction of one sick day per person per year (over 3 years) for the pilot to break even.

>> **Teaching** Multi-Academy Trusts (MATs) with 100 teaching staff would require an average of one fewer sick day per teaching staff member per year in order for the programme to break even over three years.

>> **Nursing** For 306 staff across 9 wards, a reduction in sickness absence of 0.8 days per person per year (over 3 years) would render the programme cost neutral.

Key recommendations for employers

1. Create a business case for flexible working and ensure it has senior sponsorship.
2. Get flexible working on the agenda of the board and make it a key criterion for ESG reporting.
3. Consider what types of flexibility can be offered to all employees, now and in a post pandemic future.
4. Put a team together to work out the actions required and the cost of interventions that will develop the change journey to improving flexible working.
5. Integrate the flexible working approach as part of wider organisational processes or transformational change.
6. Establish clear metrics for tracking progress.

Key recommendations for government and policymakers

1. This new evidence demonstrates the urgent need for greater investment from government to incentivise employers of frontline workers to drive organisational change on flexible working. The Government's Flexible Working Taskforce should create a challenge fund for organisations in frontline sectors to catalyse workplace trials of flexible job design.
2. The Scottish Government should ringfence part of its £10m investment in trialling a four-day week to instead target wider flexible job design trials for frontline industries.
3. UK Research and Innovation (Innovate UK) should introduce an investment fund for sector and trade bodies to support new ways of working.
4. Combined authorities should align action on flexible working with the delivery of key strategic priorities and incentivise adherence to 'good work standards'.
5. Trade and industry bodies should call on their members to take action on flexible working to tackle key workforce challenges.

Concluding remarks

This report expands the evidence base and demonstrates the need to develop and scale-up pilot interventions in frontline sectors, similar to those conducted by Timewise, to ensure that the benefits of flexible working are widely felt across organisations in the UK. In addition to a strong CSR case for change among employers to improve the quality of work, there is a compelling economic case. With a contracting labour force and growing job vacancies, now is the time to invest in organisational development and employee attraction and retention. Flexible working has a key part to play in achieving these strategic goals. It takes time and resource to ensure it is implemented effectively, sustainably and fairly across organisations and in line with inclusivity strategies. But the rewards are sizable for both the employee and the organisation.



Timewise is a multi-award winning social business that exists to support and establish flexible working cultures within the UK economy, in order to make society more equal and deliver opportunities for all. We conduct research, share market insights and provide consultancy services to help employers attract and develop the best talent. We also run Timewise Jobs, a jobs board for roles that are part-time or open to flexibility.



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