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Title of Paper: Managerial capability: Bridging the gap between flexibility policy and practice

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Abstract

Academic theory posits that there are positive individual and organisational outcomes associated with implementing flexible work practices. Applied research suggests that these benefits go beyond attracting and retaining talent, and that flexibility can help improve productivity through its association with increased levels of engagement, job-satisfaction and well-being.

But how can these theoretical benefits be realised? Is it simply a matter of developing a flexible work practices policy? To answer these questions the usual starting point would be to canvass the views of employers and employees. A fresh perspective has been provided by the Equal Employment Opportunity Network of Australasia (EEONA) through its research of human resource/diversity practitioners in best practice organisations in Australia and New Zealand¹.

¹ A full copy of EEONA's 2008 Status report on diversity and flexibility is available at www.eeona.org.

The results identify the range of flexibility options available in theory, and the gap between policy and practice. In particular the results identify the points of weakness in the implementation of flexibility in terms of (i) managerial capability; and (ii) job redesign.

Analyses were conducted to identify the factors that differentiate high performing organisations (with respect to flexibility) and low performing. In this way EEONA was able to distinguish five strategies, from a broad range of initiatives, that are critical to effectively implementing flexibility, namely managerial commitment, managerial role modelling, managerial access to flexibility, and managerial knowledge/skill.

Given that flexible work practices are perceived as an important strategy to help integrate work/family domains, this research provides valuable insights into making that aspiration a reality. Additionally the research methodology and analysis may assist other researchers to conduct intra and inter-organisational research.

Introduction

A strong body of academic research from a range of disciplines (eg psychology, sociology and management) has done much to identify the relationship between work and family, including the nature of work-to-family “conflict” (Greenhouse and Beutell, 1985) or “interference” and more positively, the capacity for work/family enrichment (Barnett and Hyde, 2001). Research from a gender equity perspective has also connected the work/family relationship to gender equity outcomes, and in particular mothers’ participation in the labour market.

These threads have been drawn together by applied researchers, who have sought to identify the conditions which facilitate work/family integration and thus improved organisational outcomes. A key focus of this attention has been the promotion of flexible work practices (eg reduced hours, working from home and varied hours) as a workplace strategy to meet employee and employer needs. Employee needs have commonly been framed in terms of reduced work/life conflict, which is often promoted as a pathway to achieving “work/life balance”. Employer needs have been framed in terms of meeting tangible organisational outcomes (eg the attraction and retention of

talent, particularly women), as well as the less tangible (eg increased levels of engagement, job-satisfaction and well-being leading to increased productivity (eg Stavrou, 2005). In essence this body of research has created a compelling case for organisations to implement flexible work practices.

Clearly the espoused benefits of flexible work practices have resonated with Australian employers given that the majority of large organisations (100+ employees) offer family and carer's leave (96.6%), part-time work (95.1%) and flexible hours (87.5%) (Equal Opportunity for Women in the Workplace Agency (EOWA), 2008). Notwithstanding these data on the availability of flexible work practices, recent national (Human Rights and Equal Opportunity Commission, 2007), and industry (eg Office for Women and Minerals Council of Australia, 2008) has revealed a gap between policy and practice. This gap is characterised by (i) unmet needs for access to flexible work practices (particularly at senior levels and in blue collar industries); (ii) inconsistency of access within organisations; (iii) a hierarchy of "acceptable" reasons for seeking to use flexible work practices (with childcare coming before "lifestyle"); and (iv) associated career disadvantages for those who do access flexible work practices.

Consequently, more recent lines of inquiry have examined the role of organisational culture in mediating the take-up of flexible work practices. Are there other factors at play in bridging the gap between policy and practice (eg managerial support)? And if so, what weight can be attributed to these factors?

In 2008 the Equal Opportunity Network of Australasia undertook quantitative and qualitative research of human resource/diversity practitioners working within a cross-section of small, medium and large public and private sector organisations. The assumption behind this sample selection was that HR/diversity practitioners act as intermediaries between organisational strategy, policy and workplace practice, and are thus uniquely placed to provide practical insights into the policy/practice gap as well as strategies which would help bridge the gap. Thus consolidation of the views of these well-placed expert practitioners would provide greater insights than the aggregated views of individual employers and employees as to the drivers of the policy/practice gap, and remedial strategies.

1. Aim

The aim of the research was to identify the conditions necessary to ensure the effective implementation of workplace flexibility, and in particular the factors which facilitate line manager support for employee requests.

2. Hypothesis

It was hypothesised that managers act as the gatekeepers to workplace flexibility, and thus enhancing their capability to implement an organisational commitment to flexible work practices would improve implementation outcomes. As this was exploratory research, no hypothesis was made about the nature of that enhancement.

3. Method

Since 2003, EEONA (a not-for-profit umbrella professional network of HR/diversity practitioners in Australia and New Zealand) has conducted a bi-annual survey of its members to identify trends in the implementation of diversity. The 2008 the “Australasian Diversity and Equality Survey” included an additional section with questions on workplace flexibility. The survey was distributed to EEONA members on-line. Forty-eight members completed the survey in March 2008, and twelve participated in a follow-up focus group in June 2008, representing a diverse range of small, medium and large organisations from private, government and community sectors. In total the survey respondents represented nearly one quarter of a million employees (238,580).

Survey questions addressed the (i) nature of flexibility initiatives; (ii) expected outcomes; and (iii) drivers of flexibility. Where relevant responses in relation to the flexibility questions were compared with those for the diversity questions. The final set of survey questions focused on implementation, namely (i) an assessment of current levels of effectiveness; and (ii) the barriers to flexibility. Using a chi square analysis ($p < .001$) those respondents who self-identified as working in organisations which implemented flexibility highly effectively were compared with those respondents who identified they did not, in order to identify the key factors associated with those points of difference.

Closed survey questions were followed by open-ended questions to enable survey participants to discuss (i) the challenges they had experienced implementing flexibility; and (ii) the changes necessary to enable flexibility to be implemented more effectively.

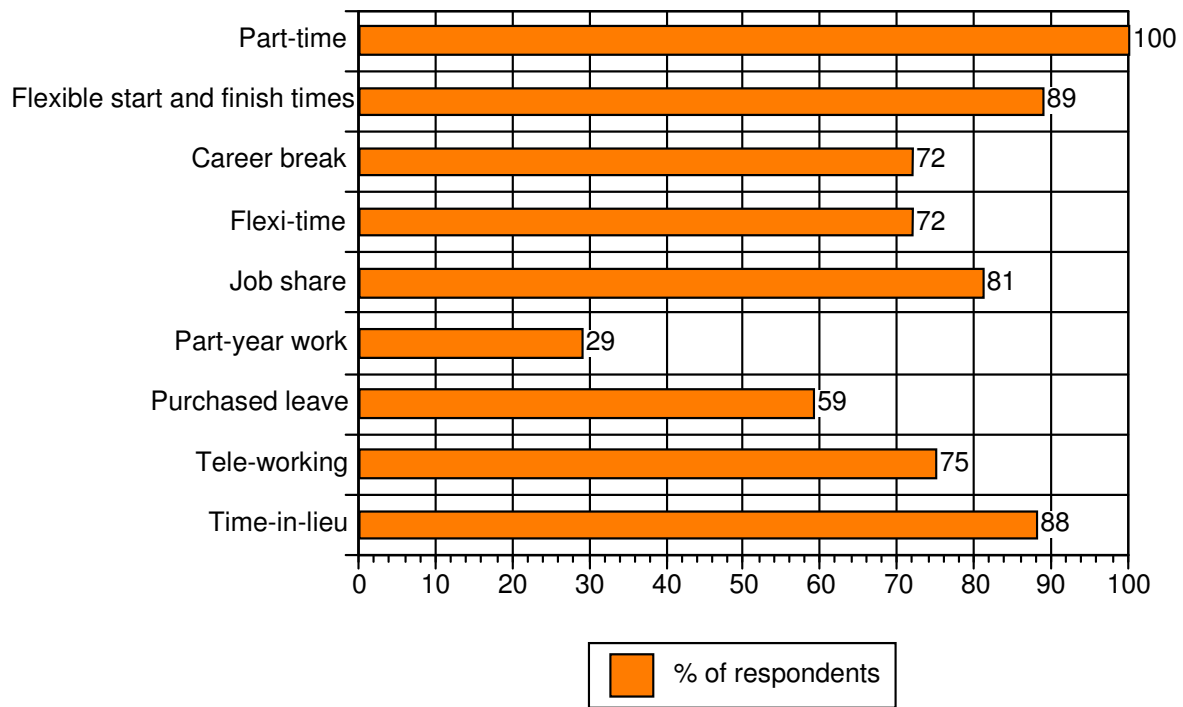
4. Results

Results are presented in relation to (i) the nature of flexibility initiatives offered; (ii) expected outcomes; (iii) drivers of a flexibility strategy; (iv) perceptions of effective implementation; (v) positive experiences and gaps; and (vi) key differentiators between organisations effectively implementing flexibility and those not.

4.1 The nature of flexibility initiatives

Graph 1 below summarises the major flexibility initiatives organisations have in place. Not unexpectedly, the most common were: (i) part-time work (100%); (ii) flexible start and finish times (89%); (iii) time-in-lieu (88%); (iv) job-share arrangements (81%); (v) tele-working (75%); (vi) career breaks (72%); and (vii) flexi-time (72%). There was less offering of (i) purchased leave (59%); and (ii) part-year work (29%). When compared with EOWA data on the provision of flexible work arrangements in large organisations (ie those with 100+ employees) the EEONA findings support the characterisation of the EEONA respondents as representing “best practice” organisations. In particular EEONA respondents were more likely to offer part-time work (100%) than EOWA respondents (95%), job-sharing (81% compared with 56.7% respectively) and tele-working (75% compared with 58.5% respectively). Accordingly, these data suggest that on paper at least, best practice organisations offer a broad range of flexible work practices.

Flexible work options in place

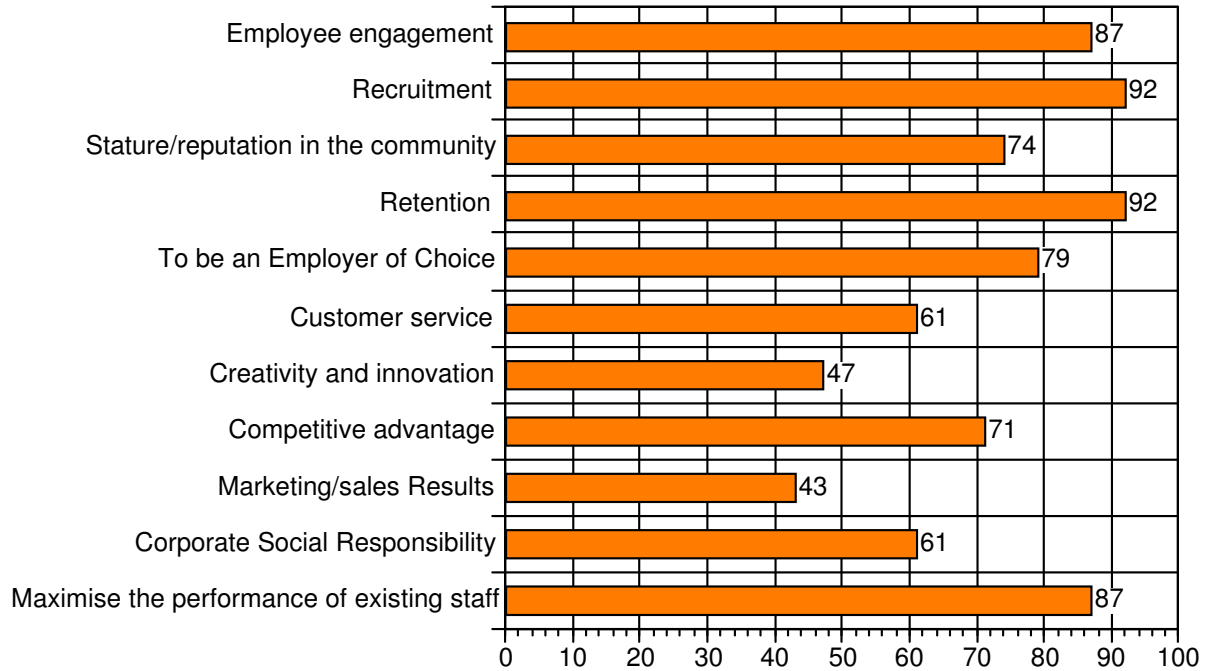


Graph 1

4.2 Expected outcomes

Why are organisations offering flexibility? Survey respondents were asked to identify the expected outcomes of those flexibility initiatives and, given the availability of data on expected outcomes for diversity, these responses were compared. Not unexpectedly given public rhetoric linking work/family policies to being an employer of choice, Graph 2 shows that the highest ranking outcomes for flexibility were (i) recruitment (92%); (ii) retention (92%); (iii) employee engagement (87%); (iv) maximising the performance of staff (87%); and (v) to be an employer of choice (79%). Clearly survey respondents identified the link between employment outcomes and flexibility. Respondents also recognised a link between flexibility and some business outcomes such as (i) driving a competitive advantage (71%); and (ii) enhancing customer service (61%), however the connection between less tangible outcomes was less well accepted, eg the link between flexibility and (i) creativity and innovation (47%); and (ii) marketing and sales results (43%). Having said this, the recognition of the employment and business related benefits of flexibility augurs well for the leveraging of organisational commitment to bridging the gap between policy and practice.

Importance (quite or very) of flexibility initiatives in relation to outcomes



Graph 2

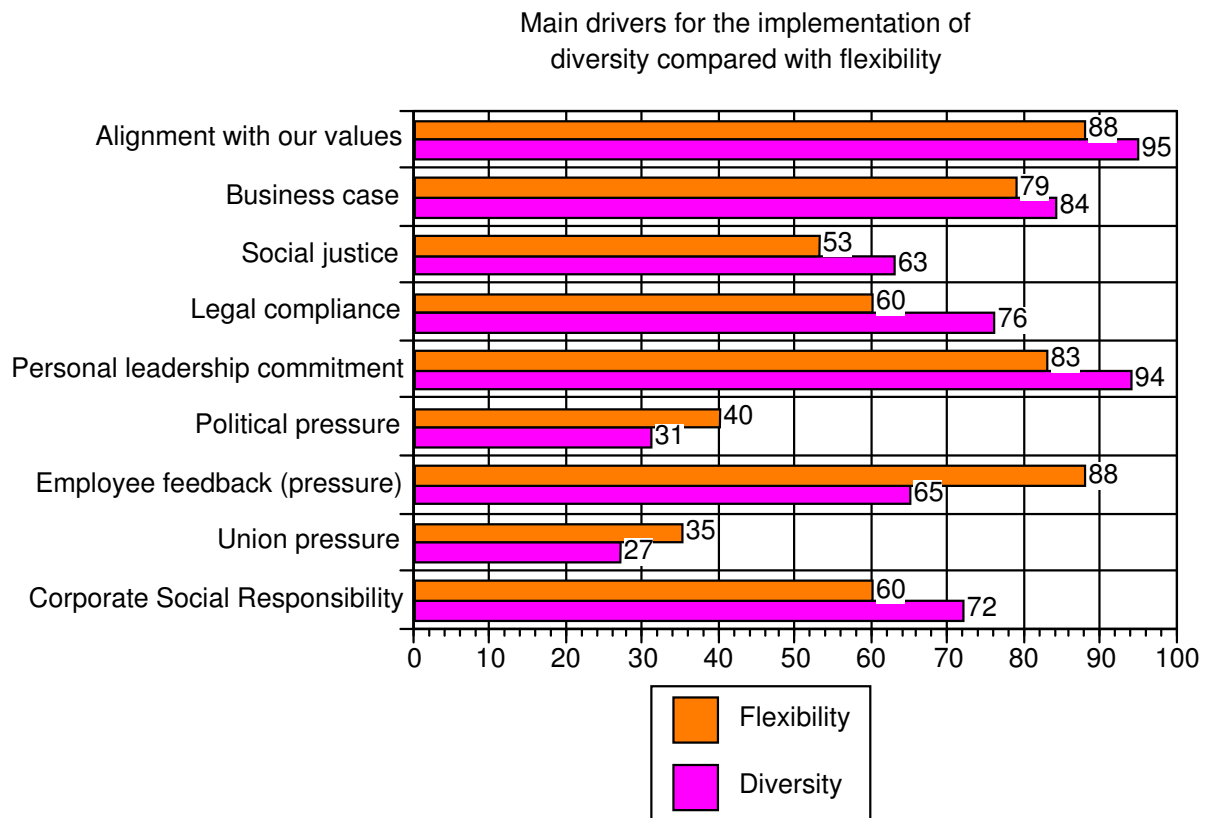
4.3 Drivers of the flexibility strategy

Survey respondents were asked to identify the main drivers for the organisation’s commitment to flexibility, and Graph 3 below compares the major drivers of flexibility with those reported above for diversity. There are a number of differences between the drivers of the two types of strategies, suggesting that nuanced communication strategies for diversity and flexibility would be more effective than merely a copycat approach.

The highest rankings for flexibility are: (i) alignment with values (88% for flexibility and 95% for diversity); (ii) employee feedback (88% for flexibility and 65% for diversity); (iii) personal leadership commitment (83% for flexibility and 94% for diversity); and (iv) the business case (79% for flexibility and 84% for diversity). The most interesting of the differences is the extent to which flexibility, in contrast to diversity, is being driven by “employee pressure” (88% compared with 65% respectively), which, the focus group participants suggested, shows that flexibility is perceived by

organisations to have greater relevance across all employee groups. This accords with a life cycle approach to flexibility which recognises that flexibility is of value at different life stages, eg to study, to assist with childcare, to take career breaks and to enable phased retirement.

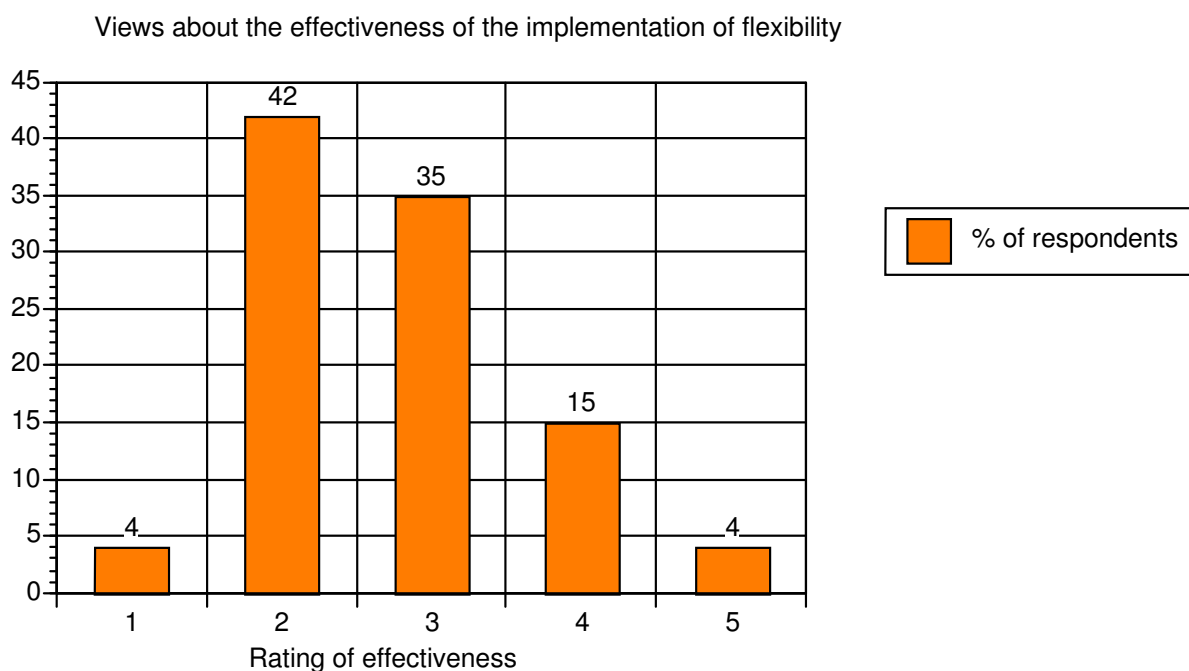
Finally, it is of interest that “legal compliance” is not as closely linked to flexibility (60%) as diversity (76%), suggesting the organisations are unaware of, or have not yet geared up for, the impact of the (Australian) *National Employment Standards* which include a right for employees with under-school aged children, or children (up to 18 years old) with a disability to request flexibility (which come into force on 1 January 2010 or the (New Zealand) *Flexible Working Arrangements Amendments* which provides all carers with the right to request flexibility (commenced on 1 July 2008).



Graph 3

4.4 Perceptions of effective flexibility implementation

Survey participants were asked to rate on a five-point scale (1 = not effectively at all to 5 = highly effectively) how effectively flexibility had been implemented in their organisation. The percentage of respondents who gave each rating is shown in Graph 4 below. Notably the majority of respondents (81%) rated implementation as average or below average and these findings (especially that only 4% rated flexibility as having been implemented highly effectively), indicate there is considerable room for improvement in approaches to flexibility.



Graph 4

4.5 Opinions about flexibility: positive experiences and gaps

Respondents were asked a range of questions about flexibility within their own organisations. These questions were designed to identify the ways in which flexibility is working well, and the implementation gaps. The focus on managers in these questions reflects anecdotal evidence that managers act as the gatekeepers to flexibility, and that they struggle with implementation. The range of questions about managers was intended to identify the precise points of strength and weakness.

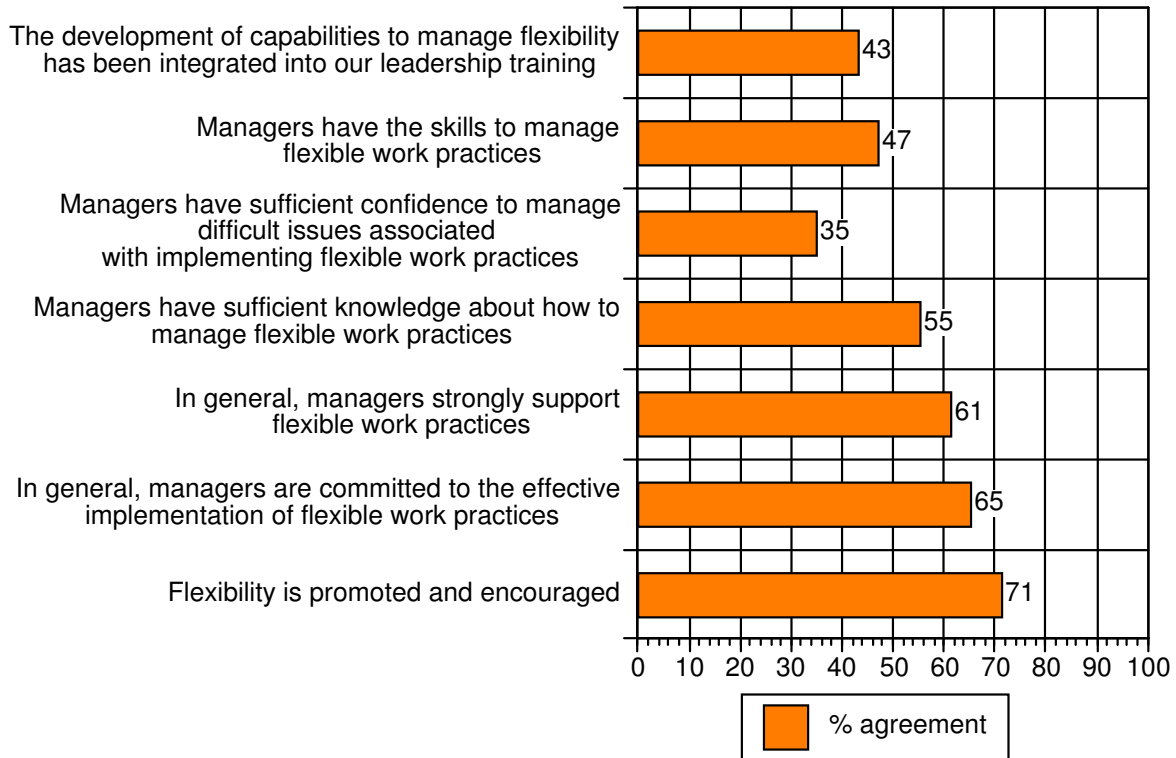
Graph 5 (parts 1 and 2) below summarise these findings in terms of the percentage of respondents who agreed with each statement. In particular, the survey respondents were less likely to agree that (i) flexibility has been implemented consistently across the organisation (28%); (ii) managers have sufficient confidence to manage difficult implementation issues (35%); (iii) the development of capabilities to work flexibly has been integrated into employee training (35%); and (iv) managers are effective role models for flexible work practices (39%). A high number of participants (71%) also perceived that the nature of work was a key barrier to the implementation of flexibility. This final result begs further investigation to determine the ambit of this barrier, and whether it is linked to the design of roles at senior levels which have traditionally required a more than full-time commitment².

More positively, 71% of respondents indicated that flexibility is promoted and encouraged, 65% that managers are committed to implementation, 61% that managers are strongly supportive of flexibility and only 29% of respondents said that an employee's commitment to the organisation would be questioned if they used flexibility options.

In addition to these closed questions about implementation, respondents were asked an open-ended question about the challenges they experienced (if any) in implementing flexibility. Less than half of the sample provided a response to this question. Of those who did, the most common responses were (i) the nature of the work/meeting business needs (46%); (ii) mindsets (23%); and (iii) the attitudes of managers and employees (23%). These answers are consistent with the data in Graph 5 below.

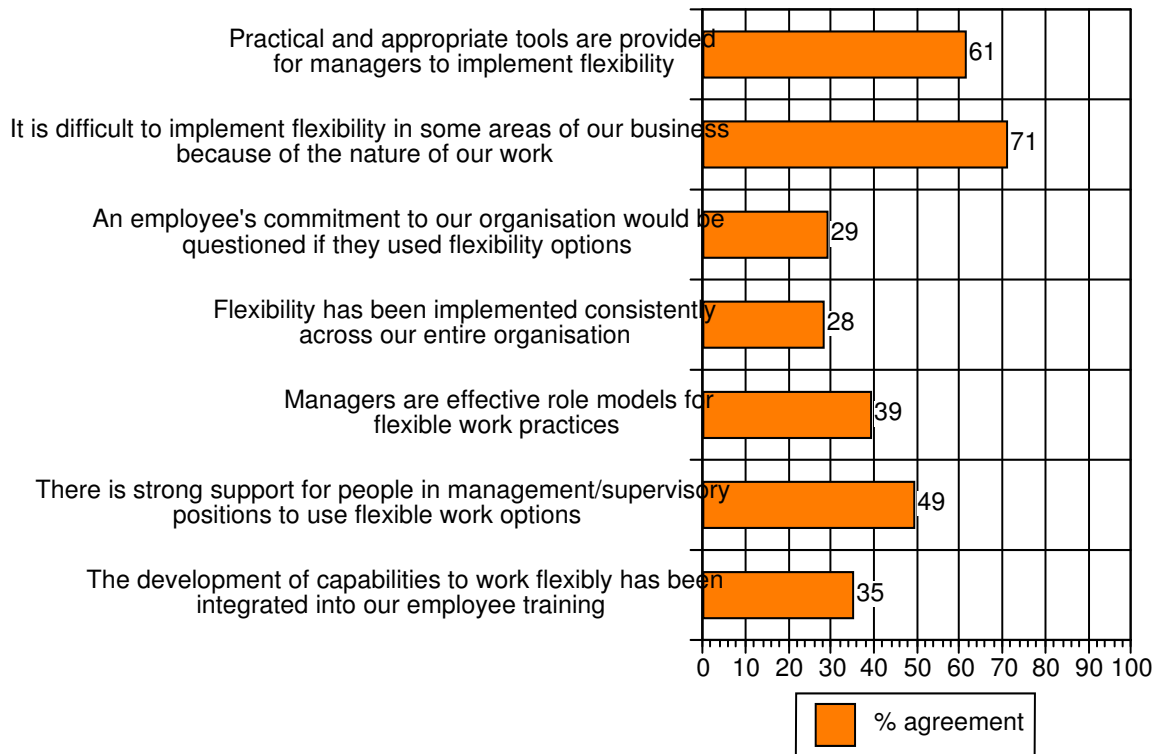
² Since this research we have explored job design at senior levels in a forthcoming publication: Bourke, J., and Andrews J., "Getting to the heart of gender equity in executive roles: Applying job design principles to achieve gender equity outcomes" in Murray, P., McGraw, P., and Kramar, j., (forthcoming) *Women at Work in Australia*, Macquarie University.

Opinions about flexibility in their organisations



Graph 5 (part 1)

Opinions about flexibility in their organisations (continued)



Graph 5 (part 2)

4.6 Key differentiators of effective flexibility

In order to gain a deeper level of insight into the factors which differentiate an organisation in terms of the implementation of flexibility, the sample was divided in terms of people who rated the effective implementation of flexibility as being either low (ratings 1 and 2), medium (rating 3) or high (ratings 4 and 5), and analyses (using chi square, and given the sample size, $p < .001$) were then conducted to determine which questions were the key differentiators between these three groups. These findings are summarised in Graph 6 below (ie the percentage of respondents in each of these groups who strongly agreed with the particular question). For example, 67% of those in the highly effective group strongly agreed that managers in their organisation were committed to the effective implementation of flexibility. This contrasts with only 5% who strongly agreed in those organisations where they rated the effective implementation of flexibility as being low. This result indicates that managerial commitment is a key differentiator between those organisations which are implementing flexibility effectively and those which are not.

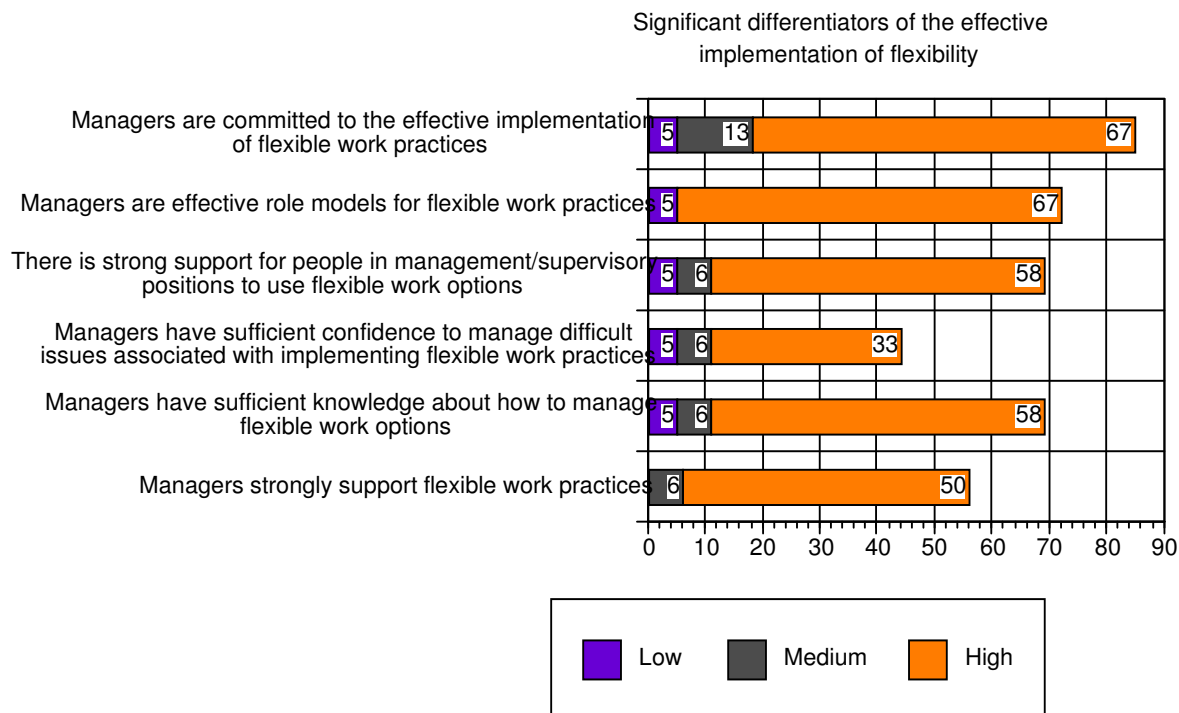
In terms of the ranking of the differentiators, Graph 6 indicates in order of priority that the key differentiators are:

- (i) Managerial commitment to flexibility
- (ii) Managers are effective role models for flexibility
- (iii) There is strong support for managers using flexible work options
- (iv) Managers have sufficient knowledge about how to manage flexible work options
- (v) Managers strongly support flexible work practices
- (vi) Managers have sufficient confidence to manage difficult implementation issues.

In addition to the above analysis of the closed questions, survey respondents were asked to identify the changes needed to enable flexibility to be implemented more effectively. 83% of the sample provided a response to this open-ended question. The most common responses were (i) managers being able to see the value/benefits of flexibility (22%); (ii) managers having a different mindset (20%); (iii) managers having higher level of skill/tools to implement flexibility (15%); (iv) more training for managers (12%); (v) more training for employees (8%); and (vi) an overall culture change in relation to flexibility (7%). The focus on managers is consistent with the overall

conclusion to be drawn from Graphs 5 and 6, namely that managers, as the gatekeepers to flexibility, require greater levels of knowledge, confidence and implementation skills in order to be able to implement a flexibility agenda effectively.

Focus group participants supported the emphasis on building managerial capability as a strategy to bridge the gap between policy and practice. In addition participants suggested that their flexibility agenda could be furthered by (i) collecting sophisticated data on the take-up of flexible work practices (eg beyond levels of part-time work); (ii) creating managerial accountabilities and rewards (at present some managers are not highly motivated to create a flexible workplace and creating metrics could assist in that regard); (iii) focussing on results rather than presenteeism; and (iv) raising the awareness and skills of HR/diversity practitioners to create relevant flexibility metrics. Finally, focus group participants identified the need for full and frank discussions with managers about their fears (eg that resources won't be available when needed if employees work reduced hours), fixed mindsets (eg their need for control and lack of trust); and dilemmas (eg whether flexibility is seen as a reward for good performers or available to all employees).



Graph 6**5. Discussion**

The results highlighted in this paper demonstrate the value of researching the views of HR/diversity practitioners, especially those located in best practice organisations, as they are the custodians of consolidated knowledge about the nature of the gap between flexibility policy and practice. The quality and depth of their insights was particularly evident in their responses to the open-ended survey questions and the focus group discussion.

The results also confirmed that even in best practice organisations there is a gap between policy and practice. In particular, notwithstanding that the offering of flexibility was broad (ie including job-sharing and tele-working), flexibility was promoted and encouraged (because of high expectations of positive employee and business outcomes), and the majority of managers were committed to organisational aspirations of flexibility, the majority of respondents still indicated that there was significant room for improvement to ensure the effective implementation of flexibility initiatives (eg only 28% agreed that flexibility was consistently implemented across the organisation).

Clearly the most critical findings concerned the nature of the strategies the respondents identified to convert policy into practice. As this was exploratory research, we included a diverse range of possible options from organisational support to employee training, however the majority of questions focussed on managers (given our assumption that line managers play a key role in mediating policy and practice). In essence, we found the gap between flexibility policy and practice is less about “in-principle organisational support” for flexibility and more about perceived gaps in management capabilities, managerial confidence and role modelling in relation to implementing flexibility.

We suggest that the findings in relation to managerial confidence will be of particular value to organisations, and note that whilst recent research on flexibility has identified the key role played by line managers in implementing an organisational commitment to flexibility (eg Hegewisch 2009), the focus has been on creating managerial awareness of policies and implementation skills. More

general (complementary) research on self-efficacy - ie an individual's belief that they can perform certain behaviours (Griffin and Hesketh, 2004) - suggests that the linkage between awareness of an organisational strategy (and therefore promotion/communication) and practice, is building self-efficacy, ie managerial confidence. In essence, without the necessary confidence (eg to respond to difficult implementation questions) managers will not open the perceived "Pandora's Box" and promote flexible work options to staff or attempt implementation.

These findings suggest that strategies which holistically target raising managerial awareness about the value of flexible work practices, building self-efficacy and developing implementation skills are critical to bridging the policy/practice gap. Further, there is also a need to redesign managerial jobs to enable managers to access flexible work practices, and thus role model working flexibly (and presumably build their confidence in flexibility as a viable work practice as well).

Finally, the research was conducted in early 2008, and since that time the Global Financial Crisis of September 2008 has shifted employment conditions, and in particular precipitated a contraction in the demand for employees. Consequently the impetus for flexible work practices as a strategy to attract and retain employees has diminished, and the need for flexible work practices has been reframed as a strategy to reduce overheads (Working Families UK, 2008). For example, capital costs (such as rental space) may be reduced if employees are able to work from home or condensed hours, labour costs may be reduced if employees reduce their work hours or take leave, and liabilities may be reduced if employees are able to take accrued leave (eg annual leave). Organisations thus have a new stimulus to implement flexible work practices which is directly aligned with current business strategy of cost containment and reduction. This new environment should provide fertile ground for researchers to investigate whether the closer alignment of flexible work practices and core business needs will result in organisations investing more heavily in bridging the policy/practice gap by focussing on managerial capability and job redesign.

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