



The business imperative for flexible work

Attracting and retaining your future workforce

Introduction

The Western Australian Government is committed to assisting employers and employees to meet their obligations and responsibilities in the work place, in their communities, and at home.

Demographic change – particularly an ageing workforce – means that Western Australia will experience ongoing labour and skill shortages, irrespective of short term economic fluctuations. Long term business success therefore depends on putting strategies in place to ensure a reliable source of employees going into the future.

A firm's ability to attract and retain sufficient numbers of skilled and experienced employees is affected by general factors pertaining to the WA labour market – such as population trends, government education and training policies, and migration levels. These factors determine the size, makeup and skill levels of the overall labour pool.

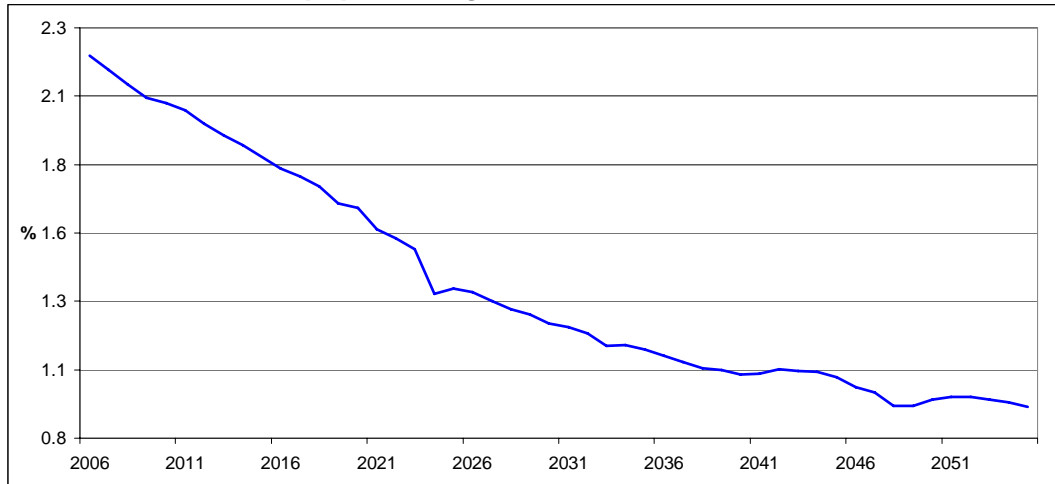
Specific factors relating to individual enterprises are also critical. For example, workplace flexibility can be a valuable tool for attracting and retaining employees - particularly women, those with family responsibilities, and mature age workers.

Labour Supply and workforce participation

The demand for labour in Western Australia fluctuates with economic cycles – for example, the resources driven boom from the mid 1990s to 2007 followed by a period of global downturn commencing in 2008. However, the long term outlook is for labour and skill shortages in Western Australia as a consequence of demographic trends.

The ABS predicts a declining population growth in Western Australia over the next fifty years due to a falling birth rate and an ageing population (see figure below). For example, the median age of the WA population is predicted to increase from 36 years in 2006 to 45 years by 2056.

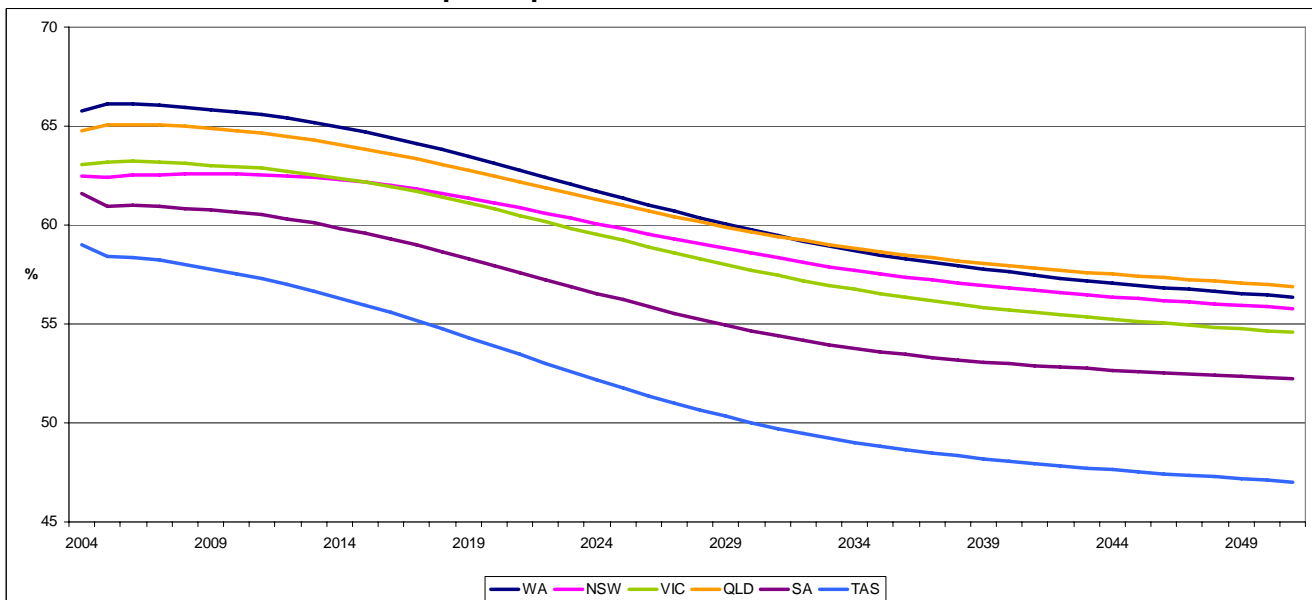
Annual population growth rate in WA 2006-2051 ⁱ



Lower population growth and a higher proportion of older people mean fewer potential employees for WA businesses. Apart from the size of the working age population (15-64 year olds), the other factor influencing the number of actual and potential workers is called 'workforce participation'. Workforce participation is the proportion of 15-64 year olds who are either employed or actively looking for work. It does not include people who are unwilling or incapable of working, or people who have stopped looking for a job.

Historically, Western Australia's workforce participation rate has been above the national average, however it is projected to decline over the long term, along with other states. The Productivity Commission predicts that WA's workforce participation rate will decline from 65.8 per cent in 2004 down to 56.3 per cent by 2051, a reduction of 9.5 percentage points. This means an overall reduction in potential employees.

Workforce participation rates in Australia 2004-2051 ⁱⁱ



Australia's overall workforce participation and female participation rates are low by international standards.ⁱⁱⁱ This is especially the case for women with dependents – for example, in 2005 Australian women with children aged 3-5 years had a workforce participation rate of 45%, compared with 82% in Sweden, 68% in Canada, 60% in the USA, and 58% in New Zealand. The proportion of Australian women with dependents who work part-time is also higher than in comparable countries.^{iv}

Other groups with low workforce participation rates include older workers, Indigenous people, migrants from culturally and linguistically diverse backgrounds, and people with disabilities. There is also a substantial number of Western Australians who are available to start work but are not actively seeking work. Others are underemployed, i.e. working fewer hours than they wish.

Many individual and workplace factors affect people's willingness and capacity to work. These factors include: caring responsibilities, the availability of part time work and other flexible work options, pay and conditions, education and training, employers' recruitment and career development practices, workplace culture, employer attitudes, childcare availability, and individual health and wellbeing.

Western Australians who are not currently working or looking for work, or who are working fewer hours than they want, represent an untapped resource that could be utilised to meet current and future labour needs.

Flexible Work

In addition to overall economic conditions, a company's HR policies will help to determine the success of its employee attraction and retention strategies.

Flexible work practices - such as part-time work, job sharing, home based work and variable start/finish times - enable employees to both participate in the workforce and fulfil their family and lifestyle commitments. This is often referred to as 'work life balance'.

Historically, discussions of work and life have focussed on the social imperatives of assisting female employees with young children to 'balance' their work and mothering responsibilities. More recently, there has been a recognition that all employees, regardless of gender or family responsibilities, want to achieve equilibrium between their work and their out of work environments.

International research suggests that both men and women want to work more flexibly, and that their concept of flexible work itself is changing.^v While part-time work is a popular option for women with children, it is associated reduced pay and poor career prospects. Hence, people of both sexes are increasingly seeking spatial and time flexibility, that is doing the same work but at different times and in different places, for the same pay.

A recent Australian study identified three kinds of 'balance' that employees strive for.^{vi} *Time balance* concerns the amount of time given over to work and non-work roles, *involvement balance* refers to the level of psychological involvement in, or commitment to work and non-work roles, and *satisfaction balance* relates to the level of satisfaction with work and non-work roles. Achieving work life balance needs to be considered from these multiple perspectives, and cannot necessarily be achieved by a one size fits all approach.

Using flexible work to your business advantage

There are many potential and inter-related benefits for organisations that provide flexible work. For example, over half of employers in a Victorian survey reported that the introduction and continuation of flexible work practices was fundamental to the ongoing operations and sustainability of their organisations.^{vii}

Employers reported that the implementation of flexible practices had:

- provided market differentiation to attract staff;
- helped to retain staff;
- contributed to staff morale; and
- strengthened team building.

Similarly, a UK study^{viii} found that a significant proportion of employers who provided work life practices reported a positive impact on:

- employee relations (71%);
- employee commitment and motivation (69%);
- labour turnover (54%);
- productivity (49%);
- absenteeism (48%); and
- recruitment (47%).

The win-win of providing flexible work

Flexible work is sometimes seen as an individual benefit or as a means of accommodating particular employee needs at the expense of business requirements. However, studies have shown that providing work flexibility can act as a powerful business tool and drive successful management practices.^{ix}

An integrated, results driven approach to the use of flexible arrangements can capitalise on the shared needs of the both the business and its workforce.^x When flexible arrangements are introduced with the dual purpose of enhancing business performance and creating better work life balance for employees, everyone wins.

Positive impacts of flexibility on business performance include^{xi}:

- talent management, especially the attraction and retention of key talent;
- improved human capital outcomes, including greater job satisfaction, stronger commitment to the job, higher levels of engagement with the company and lower levels of stress which in turn can translate into innovation, quality, customer retention and shareholder value;
- improved financial performance, operational and business outcomes, and competitiveness; and
- responsiveness to changing market conditions, emerging customer demands and seasonal peaks and troughs – for example, shift work, part time work and flexitime can help businesses open longer without making employees work longer hours.

Attraction and retention – what works?

The key to developing human resource strategies that attract, develop and retain employees is to understand what motivates people. Many industries may have a concentration of employees from a particular gender or age cohort. The types of flexibilities that appeal to any organisation's workforce will depend on where employees are located in their work-life cycle and what demands they are trying to balance. Employers should therefore consider conducting employee needs or workplace culture surveys to establish the best mix of flexible arrangements for their organisation.

Research into the changing nature of work in the UK^{xii} found that the most popular flexible options with employees generally were:

- time off in lieu (79%);
- working from home (73%);
- flexi-time (71%); and
- part-time work (50%).

The key finding in this study was that having more control over how and when work is performed was considered more important to employees than the length of time worked.

Older employees value telecommuting, flexible start and finish times, phased retirement and part-time work.^{xiii} Younger employees are motivated by a variety of factors including what hours they will be expected to work, travel opportunities, promotional opportunities, and what work life balance programs are offered.^{xiv}

Irrespective of what flexibility arrangements are offered, studies on why employees leave organisations have shown that a failure to follow through with promised conditions and opportunities can prompt employees to look elsewhere.

The good news for smaller organisations that may not be able to offer salaries competitive with bigger businesses is that money is not the primary driving force for many employees. Competing with the big end of town may be a matter of offering more flexibility rather than higher pay. Smaller organisations may in fact have the edge over larger ones in their ability to foster the type of inclusive workplace culture that appeals to many employees.

A study by recruitment firm Chandler Macleod showed that carefully tailored benefits were the key to attracting job seekers, and that delivering on promises, as well as getting employees involved and committed to the organisation from day one was integral to staff retention.^{xv}

Some of the reasons given for people leaving organisations include^{xvi}:

- unmet expectations;
- lack of fit with company culture;
- inadequate recognition and appreciation;
- lack of work life balance;
- stress; and
- lack of sufficient opportunities for growth and advancement.

While not an exhaustive list, the above reasons highlight some of the areas that employers, big or small, can focus on in developing retention strategies.

The implementation challenge

A major challenge for organisations offering workplace flexibility is to put policy into practice. The mere availability of flexible work policies does not necessarily result in widespread take-up by employees. This divide between the availability and utilisation of work life initiatives is sometimes referred to as the “implementation gap”.

All workplaces have cultures that define the value of work. For some it is putting in long hours, for others it is being visible to management when working, and for others the emphasis is on output,

adding value and meeting objectives. For work flexibility initiatives to be successful and employers to reap the associated benefits, organisations must have workplace cultures that genuinely accept and support flexible work arrangements.

Strategies for successful implementation of work life balance initiatives are discussed in the publication *Making work life balance work*, available on the work life balance website www.worklife.wa.gov.au.

Legal responsibilities

It is essential that any new work practice implemented to improve flexibility is consistent with employer obligations under any award, agreement or contract of employment that exists in the workplace. Some initiatives may not be feasible in certain workplaces or may incur additional costs in relation to overtime or penalty rates. Employers should carefully assess the implications of any proposed changes in working arrangements.

Associated issues such as insurance, workers' compensation, legal liability, security, taxation and superannuation implications, equity and supervision also need to be considered carefully for some of the flexible work options.

Employers should also be aware that Western Australian legislation makes it unlawful to discriminate against employees on the basis of age, gender, pregnancy, marital status and family responsibilities. For further information visit the Equal Opportunity Commission website at www.eoc.wa.gov.au or call 9216 3900.

Further resources

The Department of Commerce's work life balance website www.worklife.wa.gov.au contains a range of fact sheets and publications that outline the various types of work life initiatives currently being adopted by many organisations.

References

- ⁱ Source: ABS, 2008, *Population Projections Australia 2006 to 2101*(cat. no. 3222.0)
- ⁱⁱ Source: Productivity Commission, 2005 *Economic Implications of an Ageing Australia*.
- ⁱⁱⁱ Source: OECD, Statistical databases, <http://stats.oecd.org/WBOS/index.aspx>.
- ^{iv} Source: OECD, 2005, *Society at a Glance* (www.oecd.org/els/social/indicators)
- ^v UK Equal Opportunities Commission, 2007, *Investigation into the Transformation of Work*.
- ^{vi} Hudson Resourcing, 2005, *The Case for Work/Life Balance: Closing the Gap Between Policy and Practice*, p3.
- ^{vii} Schneider Australia Consulting, 2006, *Evaluation of Partners at Work and Better Work and Family Balance Grants Programs*, 26 June, Industrial Relations Victoria, p34.
- ^{viii} UK Department of Trade and Industry, 2003, *Second Work-Life Balance Survey*.
- ^{ix} Johnson, Arlene et al, 2005, *Business Impacts of Flexibility: An Imperative for Expansion, Corporate Voices for Working Families*, p4.
- ^x Thomson, Harvey et al, 2006. "Flexible Work Arrangements: A Productivity Triple Play", *The Bold Initiative Business Opportunities for Leadership Diversity*, p2.
- ^{xi} See www.businesslink.gov.uk
- ^{xii} UK Equal Opportunities Commission, 2007, *Investigation into the Transformation of Work*.
- ^{xiii} Macken, Deirdre, 2007, "I'm a millionaire and I'm out of here", *Australian Financial Review*, 23 June, p24.
- ^{xiv} Smith, Fiona, 2007, "Employers take leaf from generation Y", *Australian Financial Review*, 26 June, p 59.
- ^{xv} Fenton-Jones, Mark, 2007, "Love your staff or lose them", *Australian Financial Review*, 22 May, p50.
- ^{xvi} See www.mnp.ca