Transforming work

The future of work: employers and workplace transformation

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EUROPEAN UNION
European Social Fund

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Background

In the context of global competition, an increasingly 24/7 society and demographic change, many organisations face a stark choice: adapt and prosper, or continue with traditional methods of working and rigid working time regimes and risk stagnation or failure. Facing cost and quality competition, successful organisations depend on the skills, commitment and initiative of their workforce. In order to attract, nurture and retain staff with these qualities, companies must offer terms and conditions of employment and ways of working which are enabling.

This study is based on a survey of 915 employers who were interviewed by telephone between May and July 2006. The purpose of the survey was to investigate transformations in working practices from the perspective of employers. Key issues addressed included recent changes and planned developments in the organisation of work, the provision of flexible working arrangements in terms of hours, location and career and, where appropriate, reasons for retaining more traditional practices. A parallel project, *The future of work: individuals and workplace transformation* (Holmes et al, 2007) was designed to assess the changing employment needs and preferences of employees.

The sample was designed to be large enough to allow an analysis by a range of factors, including by public and private sector; by broad industrial sector; by size of establishment; whether the establishment was unionised; and by the female proportion of the workforce.

Aims

Given developments in the business environment, legislative progress and widespread demographic change (including shifting ethnic profiles, an ageing workforce and increased participation of mothers in the labour market), this project was designed to assess the extent to which employers have adapted to these new circumstances. Three broad aims can be identified:

- To assess whether employers are adopting new ways of working, what these are, which sort of employer is most likely to have introduced such changes and whether 'new' ways of working are available to all members of staff.

- To assess current organisational priorities and establish whether new ways of working by their workforce are high among these. Among organisations that have introduced minimal or no changes to working practices, to explore the reasons why, assessing obstacles and barriers. Where changes have been introduced, to explore motivations.

- To establish employers' perspectives on the direction of change facing UK organisations and whether they face technological, demographic, organisational or other pressures and the extent to which these have implications for their workforce.

KEY FINDINGS

Opportunities for transitions between full and part time hours
The ability to change from full-time to part-time within an organisation is of critical importance to individuals who encounter a change in their circumstances, yet wish to continue working and ideally maintain their use of skills, occupational status and associated pro rata pay. Mothers after childbirth, adults facing caring responsibilities for older people and older workers in the period leading up to retirement are among those who would benefit from the opportunity to alter their contractual hours.

Although three-fifths (62 per cent) of employers allowed full-time to part-time transitions, little change was evident since 2002, when a similar survey had been conducted. By contrast, the incidence of underemployment, in the sense of not working as many hours as desired, is likely to have diminished. Three-fifths of employers (64 per cent) allowed part-time to full-time transitions, an increase of almost twenty percentage points since 2002.

Transitions between full-time and part-time were most often allowed in workplaces where women made up the majority of the workforce, in the public sector and among large employers. Typically, all categories of staff were allowed in principle to move between full and part-time hours, with a minority of just 13 per cent of employers reserving the right for non-managerial staff only.

Overall, contractual flexibility appears to have improved. To what extent, however, should transitions between full-time and part-time hours be regarded as 'risky' in terms of career progression? Is movement toward greater flexibility of hours still penalised in terms of reduced promotional prospects? Three-quarters of establishments with career

ladders state that full-time and part-time staff have equal career prospects. This figure drops, however, to just half the workplaces dominated by men. The fact that women are exposed to a heightened risk of 'career death' if they pursue flexibility in workplaces that are dominated by men, may account in part for the entrenched occupational segregation evident in the labour market.

Flexibility of hours

Part-time hours are most popular among young workers entering the labour market, older men and women in the period leading up to retirement and among women following childbirth. For most employees, however, the flexibility afforded by part-time hours is not financially viable. Part-time hours entail part-time pay. Other forms of flexibility are therefore often preferred, such as flexitime or compressed weeks/fortnights, as they do not incur a financial penalty. To what extent do employers meet the demand for such forms of flexibility and are such options becoming more prevalent? Schemes considered included: flexitime, job-share, term-time working, annualised hours and compressed weeks/fortnights.

By 2006, nearly two-thirds (60 per cent) of employers had a flexitime system of hours in operation. Less than half the workplaces allowed their staff to job-share (44 per cent) and a smaller 41 per cent condoned term-time working. Less widely available, arising in just over one third of establishments, were compressed hours (36 per cent) and annualised hours schemes (34 per cent).

Comparing findings with previous surveys, while no clear trend was apparent for flexitime, other arrangements have become increasingly widespread since 2002 or 2004. Employers were asked whether they had increased the flexibility of hours staff worked in the previous three years. One third had increased this form of flexibility. Increases were most common among large establishments and also among public sector employers.

Where flexibility was not available, 15 per cent of employers planned to introduce it in some form over the coming year and where already available, 16 per cent planned to extend it further either to more staff or by using a greater range of options. Considerable change in the working arrangements of staff in British workplaces is therefore clearly underway.

Job-share and term-time working is most prevalent in workplaces in the public sector, in retail and in workplaces where the majority of the workforce are women. Compressed hours are most common in large establishments, the public sector and retail industries.

In most workplaces, flexible options are available to all staff categories. In around three-quarters of workplaces, flexitime, compressed hours and job-share arrangements were accessible by all staff - managerial, professional and all other groups. The equivalent figure for annualised hours was a little higher at 87 per cent and for term-time working, a little lower at 69 per cent.

Spatial flexibility
Spatial flexibility refers to the ability to work in a variety of locations other than the usual office or workplace. Often referred to as teleworking, the ability to work from home potentially offers a number of benefits including greater flexibility for employees. Spiralling building and office space costs can be a trigger for employers to reconsider how they use work-space.

In 2006, homeworking was available in one third of workplaces, but in only 10 per cent of establishments was the option available to all categories of staff. The remaining 24 per cent of establishments confined access to just some staff. The distribution of homeworking throughout British industry has not, however, changed significantly since 2002. This is despite continuing technological developments and campaigning from organisations such as the Work Foundation, which has been emphasising the wide ranging benefits of working from home. There is evidence, nevertheless, to suggest that homeworking will become more widespread in terms of the number of eligible staff. While just two per cent of employers plan, over the next twelve months, to introduce homeworking, in workplaces that provide the option for just some staff, 16 per cent plan to harmonise employment terms and extend the opportunity to all staff.

An above average incidence of homeworking can be found in large establishments and in the public sector. Homeworking is notably less likely to be available in establishments with a high density of part-time employees and in the retail sector.

Flexibility of careers
Taking a lifecycle perspective, individual needs, preferences and responsibilities are subject to change over time, with implications for availability to work. Career breaks provide an opportunity to respond to changing circumstances, allowing blocks of time

out for a range of reasons such as training, periods of intensive caring for older people or simply time-out to revitalize creativity and energy. The use of career breaks can be used to encourage loyalty and promote staff retention rates.

The availability of career breaks are fairly widespread with a little over one third of employers allowing this form of career flexibility. This is a stable figure compared with 2002, at which point 40 per cent of employers provided career breaks. Where available, the benefits of career breaks are not preserved for a privileged few on the whole. Instead, in 29 per cent of workplaces, career breaks are offered to all staff, while in eight per cent of workplaces career breaks are provided for just some members of staff.

Sabbaticals are distinguishable from career breaks as they tend to involve time away from work on full pay. They also differ from career breaks insofar as they are often associated with an expectation to carry out research, undertake training/development or to bring back new experiences to the workplace. Sabbaticals are provided by one fifth of employers and in 69 per cent of cases, all staff are eligible. Industries most likely to offer paid sabbaticals include the wholesale/retail sector (24 per cent), finance/real estate/other business (21 per cent) and education/health/other public service (21 per cent).

Plans to introduce career breaks are however rare, with just 2 per cent of those who do not currently run such a scheme planning to do so over the next year. Similarly, just 1 per cent plan to introduce paid sabbaticals.

Employer approach to flexibility

In terms of flexible working arrangements, including spatial, career and hours flexibility, employers largely approach these measures in an ad hoc manner. Eight possible policies were investigated in the research, with employers typically using four of these. Very few employers have no policies relating to flexible working arrangements (6 per cent). Similarly, very few had implemented a fully comprehensive programme incorporating a flexible approach to time, careers and working location (6 per cent used either seven or eight policies, with only 1 per cent using all eight). Therefore, although the provision of flexible working arrangements is widespread and, in some areas, still growing, there remains considerable scope for British employers to think about their working arrangements in a more holistic or strategic manner.

A quarter (26 per cent) of employers had implemented one or two policies. At the other extreme, one third (33 per cent) of employers had taken a more 'complete' approach to flexibility having introduced between five and eight of the policy options. There is considerable variance therefore in the approach employers take to flexible working packages, ranging from the minimalist to the comprehensive with a peak of four options in the middle.

The public sector tends to have a higher number of policies than the private sector; larger establishments with 200 or more staff have a higher average number than small ones with under 50 staff. Amongst industries, health, education and other public services industries had the highest average number of policies.

Employers' motivations for introducing flexible working arrangements
To gain a better understanding of why some organisations implement a wide range of policies that promote flexibility in working arrangements, while others follow a more traditional path in people management, all employers were asked why they used various flexible initiatives.

Four in ten employers (41 per cent) implemented flexible working opportunities in order to improve staff morale, recruitment and/or retention. Over one third of employers (37 per cent) stated that they had introduced flexible working arrangements for reasons of work-life balance, particularly to accommodate the family life of their employees. A fifth (20 per cent) stated that they had done so in order to improve the service they provided to clients and customers; and 8 per cent had done so to improve productivity.

Despite the majority of companies under investigation experiencing recruitment difficulties, employers did not tend explicitly to associate the provision of flexible work with recruitment potential. Nor was flexibility often associated in the survey with prevention of absenteeism.

Organisational change and work intensification
Two further changes in the way that work is organised and controlled were also explored - team working and performance related pay (PRP).

The incidence of team working in British organisations is widespread and growing, with only eight per cent of employers claiming not to have any formally designated teams. The incidence of PRP is also increasing and in 2006 was used in two-thirds of

workplaces. One third of employers had increased their use of teams and nearly one quarter had increased their use of PRP over the past three years. Large employers with 200 plus staff, unionised workplaces and organisations in the education/health sector were more likely than average to have extended teamworking. Large employers with 200 plus staff and organisations in the transport sector were most likely to have increased the use of PRP.

Growth in the use of teams and PRP was however associated with an enhanced likelihood of work intensification among managerial, professional and other staff. Where employers were experiencing a growth of PRP, team working and work intensification, they were also more likely to have increased their use of flexible hours working arrangements - possibly to offset the adverse consequences of organisational change.

A full two-thirds of all employers were working their managerial/professional staff harder and two-fifths were pushing their other staff to achieve more in the same amount of time compared with three years previously. The intensification of work is particularly acute in the public sector and in establishments where women predominate.

Business challenges

it is evident that British workplaces have been characterised by a fair degree of organisational turbulence. There has been widespread growth in team working, PRP, a range of flexible working arrangements and, accompanying these developments, a significant degree of work intensification. What are the pressures driving this volume of change and what further imperatives for transformation do employers foresee in the near future?

The following were reported as problems: staff retention by 20 per cent of employers; absenteeism by 20 per cent of employers; staff morale by 15 per cent of employers; and productivity by 13 per cent of employers. Absenteeism and retention problems were more prevalent in large establishments and 24/7 workplaces. Productivity issues were most often raised in large establishments and in the manufacturing/construction sector. Staff morale was reported as a problem more often than average in large workplaces. In addition, 38 per cent of employers reported that they had had problems recruiting staff in the past 18 months.

Reflecting the incidence of business problems cited above, the main pressures for change reported by the employers were: competition from other businesses, profitability

and costs; staff recruitment and retention concerns; pressure from clients/customers for improved goods/services; legislation and government regulations. For the future, employers were most likely to suggest that more flexibility, in general, would be required at work, plus more flexibility of working hours.

Obstacles to change do, however, persist, which prevent some employers from adopting 'new ways of working'. The main reasons for not providing flexitime opportunities for example, were the need for specific hours to be adequately covered. This especially applied in the retail, transport and public education/health sectors and in small workplaces. Other unspecified operational reasons also prevented the introduction of some measures for flexitime as did, in some cases, shift systems.

CONCLUSION

The study set out to quantify transformations in the way that work is organised. It is clear from the findings that British workplaces continue to be sites of flux, with a range of changes implemented on a widespread basis. The study revealed growth in team working, incentive payment systems and flexibility of hours. By contrast, a picture of stability emerged in relation to spatial and career flexibility which were available in around one third of establishments. Similarly, although three-fifths of employers allowed full-time to part-time transitions, little change was evident since 2002. By contrast, the provision of transitions between part-time and full-time grew substantially between 2002 and 2006.

In terms of flexible working arrangements, employers largely approach these measures in an ad hoc manner, typically using four from a range of eight opportunities investigated. Very few employers have no policies relating to flexible working arrangements. Similarly, very few had implemented a fully comprehensive programme incorporating a flexible approach to time, careers and working location and thus many British employers still need to consider their working arrangements in a more holistic or strategic manner.

Obstacles to change do, however, persist, which prevent some employers from adopting 'new ways of working'. It is important to understand these operational exigencies in order to be realistic when promoting an agenda of organisational change, which may be ideal for employees, but problematic for specific employers.

From the perspective of individuals attempting to organise their careers over a working lifetime, the developments described so far are encouraging, with greater flexibility available and extended more widely among different categories of staff. By and large, employers operate harmonised benefits for employees - allowing all categories of staff access to a range of flexible measures.

There is evidence, however, that business pressures have resulted in an increased incidence of performance related pay and greater work intensification. More than two-thirds of employers admitted that they were pushing their managerial and professional staff to achieve more, compared with three years ago. Two-fifths of employers were also exposing their non-managerial staff to this kind of work intensification.

A fairly mixed picture, therefore, emerges from the study. Progress is being made toward a more flexible approach to employment terms and conditions which will promote social inclusion and a more diverse workforce. Spatial and career flexibility, however, show no such signs of growth. Where team working and PRP have been introduced, greater intensification of work is also evident. This has often been associated with the simultaneous growth in flexibility of hours, which may have been introduced to offset these problems, and may therefore mitigate the more harmful risks associated with increased workloads.

1. INTRODUCTION

1.1 Background and objectives

The Policy Studies Institute and GfK NOP were jointly commissioned by the Equal Opportunities Commission (EOC) in March 2006 to conduct an investigation of the transformation of work from the perspective of employers. Key issues to address included recent changes and planned developments in the organisation of work. Where employers are retaining traditional methods of working and fixed hours contracts, reasons were to be explored and obstacles to change assessed. A parallel project, *The future of work: individuals and workplace transformation* (Holmes et al, 2007) was designed to assess the changing employment needs and preferences of individuals. A number of comparisons are made with its findings in this report.

In the context of global competition, an increasingly 24/7 society and demographic change, many organisations face a stark choice: adapt and prosper, or continue with traditional methods of working and rigid working time regimes and risk stagnation or failure. Facing cost and quality competition, successful organisations depend on the skills, commitment and initiative of their workforce. In order to attract, nurture and retain staff with these qualities, companies must offer terms and conditions of employment and ways of working which are enabling. A 2004 survey by the Work Foundation of 2,092 businesses in the UK found that 81 per cent of them had problems recruiting skilled staff and had an under-skilled workforce (Work Foundation, 2005).

Labour force change

Not only have attitudes changed, with employees increasingly dissatisfied with their hours of work (White et al, 2003), but the labour force is also evolving, with implications for the needs and expectations of the actual and prospective workforce. The most recent labour force projections suggest that the number of women aged 16 and over in the labour force will exceed 15 million in 2020 (compared with less than 14 million in 2005); it is also projected that by 2020, women will make up 46.7 per cent of the labour force, compared with 45.8 per cent in 2005. The age composition of the labour force is also expected to change, so that by 2020, 9.9 million people aged 50 and over will be economically active (compared to 7.6 million in 2005). Women's share of the over-50 labour force will also increase from 44 per cent in 2005 to 47 per cent in 2020 (Madouros, 2006a, b).

Around 6 million people in the UK provided unpaid care in 2001; 45 per cent of these were aged between 45 and 64 (Office for National Statistics, 2006). By 2037, it is estimated by Carers UK that the number of carers could have increased to 9 million.[1]

Over the life course, as people move from young adulthood through the years of parenting and on to the possibility of caring for older relatives, or being free from dependents and finally approaching retirement age, the obstacles to, and possibilities for, active engagement in the labour market shift dramatically. Taking a life-cycle perspective, employees would clearly benefit from employment terms which are sensitive to the ebb and flow of non-work circumstances.

The business case for change

Benefits also accrue to organisations from being responsive to the vicissitudes of employee needs. It is increasingly recognised that there is a strong business case for companies to sustain a diverse workforce in the face of intensified competition for custom (Kandola and Fullerton, 1998; Thorne, 2000). Diversity is achieved by means of flexible working arrangements. Results from the second Work-Life Balance (WLB) survey indicated that employers who provide flexible working practices and leave arrangements found them to be cost effective, with an improvement in staff morale, productivity, absenteeism and labour turnover (Woodland et al, 2003). Other studies have similarly found that flexible policies lead to superior recruitment, retention and performance levels and lowered absenteeism (Savage, 2000; Knell and Savage, 2001). Addressing the problems associated with long-hours, a recent report by the Department of Trade and Industry (DTI) (2005) also charts the bottom-line benefits enjoyed by a number of case study firms which established innovative new working patterns. Improvements to operational efficiency often accompanied the new ways of working.

In a continuously changing global market, it becomes more important to promote a highly responsive and resilient work environment sensitive to the shifting needs and market potential of a diverse consumer base. This readiness to adapt is promoted by the employment of a varied workforce which can broaden the experience horizons available to employers. Many services which are designed specifically to tap into the needs and interests of specific communities have emerged and grown in recent decades. The expanding over-50 population represents one example of a social group attracting business interest keen to access the 'grey pound'. Success may depend upon a workforce which reflects, in part, the characteristics of targeted customers. In recent years, employers have experienced buoyant economic

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[1] See http://www.carersuk.org/Aboutus/Whoarecarers/Tenfactsaboutcaring

conditions which have generated a highly competitive environment in the search for staff. Consequently, a number of strategies have been adopted to recruit and retain suitable workers, including the acceptance of diversity, i.e. social groups that deviate from the benchmark of 'fit white male' (Duncan, 2003).

Diversity has thereby become a goal for many British employers, driven in part by labour shortages and demographic change, but also by regulatory developments. Faced with a highly competitive business environment, companies benefit by remaining open to new markets and new social trends, an orientation facilitated by a diverse employee base. While employers may increasingly recognise the need to widen their recruitment criteria, if they fail to provide the conditions necessary for their participation, companies will effectively drain the pool from which to select the best candidates for available jobs.

Diversity of need

Government policy over the past nine years has focused primarily on promoting and easing the labour market participation of mothers and new parents. Schemes introduced include the following:

- The work-life balance campaign designed to facilitate the combination of caring and paid working roles.

- The legal entitlement among parents of children under the age of 6 or disabled children under 18 to request flexible working options or a reduction in working hours.[2]

- Maternity pay of 26 weeks and the right to return to the same job up to one year after childbirth.[3]

While new fathers are also entitled to apply for a modified working schedule, few do so in practice. This possibly reflects organisational cultures which penalise those who reduce their hours, or reject the long hours culture, by interpreting attempts to balance work and life as displays of reduced organisational commitment. The social costs of long hours can, however, be significant with the risk of family tension and breakdown (Spector et al, 2004; Doyle and Reeves, 2002; Cowling, 2005). Indeed,

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[2] A request that employers are not legally obliged to honour, but are bound to consider seriously and refusals must be justified. The right to request flexible working was extended to carers of certain adults in April 2007.

[3] Enacted under the Employment Rights Act 1996, amended by the Employment Act 2002. Details set out in the Maternity and Parental Leave Regulations 1999 and the Maternity and Parental Leave (Amendment) Regulations 2002.

many fathers express preferences for more flexibility in their hours of work, particularly while their children are young (Smeaton, 2006b).

The need for spatial and temporal flexibility, including homeworking and flexible time opportunities, is not therefore restricted to mothers attempting to reconcile family and work demands. Many adults have caring responsibilities where their dependents are not young children, but perhaps older friends or relatives. Disabled people with mobility difficulties would also benefit from new ways of working. Increasingly, the expectations of fathers are also shifting as are their home circumstances; moreover, as more mothers enter the labour market, fathers are less able to offer the 'two-for-one' package with a wife or mother at home tending to home and hearth, thus freeing the men-folk from non-work responsibilities.

Other groups for whom flexible opportunities may prove critical for their retention or re-employment are older workers who are to be expected to work until the age of 67. The over 50s often favour a reduction in hours to prevent stress, fatigue or the onset of other physical ailments which may be associated with manual working. The downshifting of hours or responsibilities can ease the transition to retirement on a more gradual basis and prevent early retirement (Smeaton and Lissenburgh, 2003; Barnes et al, 2004; Loretto et al, 2005).

There is nothing new about part-time working or flexible working but what has begun to change over the past few years is the dispersal of these working practices among a wider range of occupational groupings. Previously, reduced hours opportunities remained the preserve of a few female dominated occupations. As a consequence, when mothers returned to work after childbirth, their desire for part-time hours channelled them into a narrow range of occupational choices resulting in downward occupational mobility for many. This process was a key contributory factor to entrenched occupational segregation (both vertical and horizontal). The right of all parents, regardless of occupational position, to request modified hours is therefore a very important development with considerable scope to undermine processes of segregation. The right to request reduced hours does appear to have had an impact by extending the availability of such flexibility and there is evidence that fewer mothers now change employers upon returning to work after maternity leave (Smeaton and Marsh, 2006). The incidence of downward occupational mobility has also declined (Smeaton, 2006a; Smeaton and Marsh, 2006).

Room for improvement
Despite these developments, there is plenty of scope to extend the new ways of working to more actual and prospective employees. Managerial jobs for example are

still characterized by long, inflexible hours as are many skilled and semi-skilled manual jobs. The right to request flexible hours has not yet been extended to other workers in need (except to carers of certain adults from April 2007) and the right is still infrequently used by fathers (Smeaton and Marsh, 2006).

Evidence from the 2002 Change in Employers Practices Survey (CEPS) (White et al, 2004) indicated that nearly half the organisations had increased hours flexibility, around 39 per cent had increased the proportion of part-time staff and around one in ten had introduced teleworking and encouraged staff to work from home. Nevertheless, in 40 per cent of workplaces, staff were, in 2002, still employed on a fixed hours basis. White et al (2004) also found that in 2002, managers and professionals were able to decide their own start and finish times in 14 per cent of workplaces, but non-managers were able to do so in only 3 per cent of workplaces. The second WLB survey of employers also found that while part-time employment was widespread, flexible working time arrangements, such as job-share, flexitime, term-time working and reduced hours working, were more rarely provided, with less than one quarter of employers allowing any one of these arrangements (Woodland et al, 2003).

Aims

Given developments in the business environment, legislative progress and widespread demographic change, this project was designed to assess the extent to which employers have adapted to these new circumstances. Specific aims include the following:

- To assess whether employers are adopting new ways of working, what these are and which sort of employer is most likely to have introduced, or be planning to introduce, such changes.

- To assess current organisational priorities and establish whether new ways of working by their workforce are high among these.

- To investigate the type of information included in recruitment efforts, specifically whether flexible working opportunities are regarded as an employment incentive.

- To establish the extent to which flexible, home or other 'new' ways of working are available to all members of staff or restricted to managerial/ professional grades or particular occupational groups.

- Among organisations that have introduced minimal or no changes to working practices, to explore the reasons why, assessing obstacles and barriers.

- To establish employers' perspectives on the direction of change facing UK organisations and whether they face technological, demographic, organisational or other pressures and the extent to which these have implications for their workforce.

- To explore the explicit motivations that employers have for implementing recent or planned changes to the ways they work and recruitment policies.

1.2 Methodology

The research was conducted in two stages. The first, a scoping exercise which involved interviewing a number of leading edge employers, was undertaken to ensure that the issues covered in the subsequent survey were sufficiently comprehensive of recent and imminent change. The second stage was a survey of employers.

Stage 1 - Scoping exercise

Seven thirty minute telephone depth interviews were conducted by GfK NOP's specialist depth interviewing team, D-tel. The depth interviews were used for three purposes:

- To conduct some cognitive testing of the main stage survey questions.

- To collect depth information from employers on areas of particular interest.

- To inform the content of the interview schedule for the survey.

The interviews were conducted with Human Resource (HR) directors in companies which were deemed to be 'best practice' employers in terms of their approach to innovative working practices. The following establishment types were sampled: DIY chain-store, energy supplier, management consultancy, estate agent, law firm and two banks.

Stage 2 - The survey

The survey used a telephone interview methodology. HR directors were interviewed for an average of 18 minutes. In total, 900 interviews throughout England were conducted between May and July 2006.

Where relevant, findings from the current survey were compared with those from previous employer surveys which covered a similar range of issues. To promote comparability and the identification of trends, the new survey 'The Future of Work: The Employers' Perspective' (FOWTEP, 2006) includes a number of questions initially introduced in the 2002 CEPS (CEPS, 2002).[4] Given the desire to draw comparisons with previous surveys, the employer sample was restricted to establishments rather than enterprises and to workplaces with at least five employees.[5] Using establishments also has the added advantage of more readily allowing for the construction of employee weights, so that the proportion of employees, as well as the proportion of employers, affected by recent or imminent change could be assessed at a later date.

Using enterprises could also have been problematic, as despite most policies being imposed on an organisation-wide basis, many are devolved to local management (for example, the extent of homeworking, or use of team working). This is especially the case where business sites are distributed throughout the country where specific regional problems (e.g. local skills shortages) may require local solutions which would not apply to the enterprise as a whole.

While establishments are the unit of analysis, throughout the report, the terms 'establishment' 'employer' 'organisation' and 'workplace' are used interchangeably to refer to the surveyed establishments.

The sample for the survey was purchased from Experian, which holds one of the most comprehensive databases of private and public sector employers at an establishment level with good coverage for England. The sample was stratified first by size (number of employees) and then by industrial sector (based on the Standard Industrial Classification (SIC) 2003), and quotas set per size/sector cell. This is a standard approach for business surveys and ensured better coverage of large establishments and industrial sectors than would have been achievable using a random probability proportional to size approach. This is important because although large companies are relatively rare in the business population, they employ a large

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[4] CEPS was designed by Deborah Smeaton and colleagues at the Policy Studies Institute (PSI) and the London School of Economics (LSE) for the ESRC Future of Work Programme (see White et al, 2004). It is a national survey of 2,000 employers who were interviewed by telephone for 25 minutes. The survey focused, among other issues, on developments in organisational flexibility (numerical, functional, temporal and spatial) and staff recruitment. Information relating to both recent initiatives and actions planned for the near future was gathered.

[5] These sampling criteria were applied to the following recent surveys: Change in Employment Practices (CEPS, 2002), Work/Life Balance Survey of Employers (WLBS, 2003) (Woodland et al, 2003) and Workplace Employment Relations Survey (WERS, 2004).

proportion of the workforce and are therefore influential in terms of future of work policies.

At the end of fieldwork, the data were weighted to ensure the sample was representative of all establishments in England with 5+ employees. The survey was weighted to the profile of Inter-Departmental Business Register establishments in order to correct for stratification within the sample design (e.g. over-sampling large businesses).

Interpretation of tables

Where appropriate, associations between outcomes of interest and the following employer characteristics are assessed throughout the report:

- Industry.
- Size of employer.
- Unionisation.
- Public / private sector.
- Proportion of workforce which is part-time.
- Proportion of the workforce who are women.
- How widespread is the use of technology among the workforce.
- Whether a 24/7 workplace.

If a table is not shown, it can be assumed that no significant association exists between the characteristics and factors in question. Chi square tests of significance were used.

Where percentages fall below 0.5 per cent, cells are indicated as ..
If a raw value of zero is achieved, this is indicated with a 0.

Industrial sector divisions used throughout the report are grouped according to the SIC (2003). The 17 division SIC classification is reduced for analysis in this report to the following six groups:

1. Agriculture, fishing, forestry, mining, quarrying, utilities.
2. Manufacturing and construction.
3. Retail, wholesale and hospitality.
4. Transport, storage and communication.
5. Finance, property, computer industries and other business.

6.   Education, health and other public services.[6]

1.3   Report structure

The report is divided into the following chapters:

Chapter 2 investigates the transitional opportunities available to employees, assessing the extent to which employers allow their staff to move between full-time and part-time contracts on a permanent basis.

Chapter 3 explores the range and prevalence of schemes which afford flexibility of hours worked, including flexitime, compressed hours, and job-sharing among others. The ability to have some control over the time of arrival and departure from work is critical for some groups of employee, it promotes work/life balance and allows response to emergencies. Flexible hours can also imbue a sense of control and some degree of autonomy which are highly valued - hence the high levels of work satisfaction observed among the self-employed.

Chapter 4 focuses on flexibility of a different form - spatial flexibility, which offers a range of benefits. This provides the opportunity to work away from the office, usually at home and is often referred to as teleworking.

Career flexibility is examined in Chapter 5 with a consideration of career breaks and paid sabbaticals. It considers whether these facilities are widespread and which type of establishment is most likely to provide this type of flexibility.

In Chapter 6, any other changes introduced by employers not explored elsewhere are outlined. The chapter also considers whether employers tend to favour an all or nothing approach to flexible working arrangements.

Chapter 7 investigates employers' motivations for using flexible working arrangements and examines why some employers refrain from using such policies. A broader examination of organisational change and the impact upon work intensification is presented in Chapter 8, which also focuses on team working and performance related pay.

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[6]   This is not exclusively a public sector category, since around one third of these employers are in the private sector. As discussed in the report, therefore, the 'public sector' refers to establishment status (covering public sector and non-profit organisations only), and not to establishment industry.

Finally, Chapter 9 assesses the type of staff-related difficulties faced by businesses and explores the current and future pressures driving change in British establishments.

2.   TRANSITIONS BETWEEN FULL-TIME AND PART-TIME HOURS

2.1   Introduction

Ease of movement between full-time and part-time jobs is one of the key components of transitional labour markets (TLM), advocated as a means of social inclusion (Schmid, 1998; O'Reilly et al, 2000). Normative aims endorsed by TLM proponents include the legitimisation of both a wide variety of labour market transitions and combinations of paid and unpaid work, in addition to measures which promote greater permeability between different states to avoid inertia. TLM theory differentiates between integrative, maintenance and exclusionary transitions. Integrative transitions are movements from unemployment or non-employment into flexible jobs, such as temporary or part-time positions, while maintenance transitions occur within organisations as individuals change their working time arrangements. Exclusionary transitions represent temporary solutions to non-employment 'and do not facilitate social integration into the world of work over a longer period' (O'Reilly et al, 2000: 4). Exclusionary transitions represent instead 'revolving doors' providing short term and temporary solutions to economic inactivity.

This chapter focuses on 'maintenance transitions', i.e. movements from full-time to part-time (which allow staff to remain in work when their circumstances change) and movements from part-time to full-time (which prevent people from being trapped in what might otherwise be lower status and lower paid employment in a segmented labour market). As the parallel survey of individuals shows (Holmes et al, 2007), many women, but rather fewer men, would like to be able to move to part-time work in particular circumstances; 64 per cent of women considered it important to have the option to work part-time in a new job or role, but only 30 per cent of men did so.

The ability to change from full-time to part-time hours (usually defined as less than 30 hours per week), i.e. to make 'maintenance transitions', is of critical importance to mothers wishing to preserve their occupational status after childbirth. In the period following family formation, most women wish to reduce their hours and traditionally, this process has led to the need to change jobs to secure suitable part-time work. As a consequence, mothers often experienced downward occupational mobility and employers a 'brain drain' (Dex, 1987; Dex et al, 1998; Joshi et al, 1996; McRae, 1991; Smeaton, 2006a; EOC, 2005). The 2003 'right to request' law appears to have improved the employment prospects of mothers considerably. The proportion of mothers changing their employer upon returning to work after childbirth fell from 41 per cent to 20 per cent between 2002 and 2005 (Smeaton and Marsh, 2006). However, upon closer inspection, the overwhelming majority of mothers who remained with their original employer made no change to their pre-birth status as

either full-time or part-time. Among those who remained full-time both before and after the birth, 85 per cent remained with their pre-birth employer. The equivalent figure for mothers who were part-time both before and after the birth was 91 per cent. Among the mothers who changed from full-time to part-time, only 10 per cent remained with their pre-birth employer. To what extent is this finding a reflection of intransigence among employers in terms of policies allowing transitions?

In 2002, somewhat over half the establishments surveyed (58 per cent) reported that there were opportunities to change contractual hours from full-time to part-time. By 2004, nearly two-thirds (63 per cent) condoned such contractual changes.

The second WLB survey (Woodland et al, 2003) explored eligibility for contractual transitions. Their findings suggested that less than two-thirds (60 per cent) of women returning from maternity leave would be allowed to change from full-time to part-time (of these women, 65 per cent would be permitted to retain their original job and level of seniority). However, only around one third of employers (38 per cent) would permit transitions between full-time and part-time among staff that were not new mothers.

Since 2003, parents of children under the age of 6 have had the right to request a change of hours or flexibility enshrined in law. While businesses may reject such requests on grounds of business performance, evidence to date suggests that most such requests are indeed honoured - 73 per cent and 81 per cent of employees had such requests accepted in 2003 and 2005 respectively (Stevens et al, 2004; Holt et al, 2005). Similarly, in 2006, 78 per cent of employees had their requests wholly or partially accepted and only 17 per cent had them declined (5 per cent were still awaiting a response) (Hooker et al, 2007).

Holmes et al (2007) found that most adults (69 per cent) believed the right to request flexible working should be extended to all parents, while 66 per cent of those who supported the extension said that they would use the right to request for all parents if they were eligible. A higher proportion of women (76 per cent) than men (62 per cent) supported the extension; similarly, 70 per cent of women, compared with 61 per cent of men, stated that they would use it if they were eligible.

2.2   FOWTEP survey evidence

Table 2.1 examines the extent to which employers in principle allow employees to move between full-time and part-time work.

Table 2.1   Proportion of employers allowing transitions between full-time and part-time hours

	Per cent:			
	2002	**2003**	**2004**	**2006**
Allow full-time to part-time	63	60[1]	63	62
Allow part-time to full-time	47		51	64
Base	2,000	1,509	2,295	915

Notes: [1] 60 per cent allowed mothers, 38 per cent allowed staff that were not new mothers.

Sources: Unpublished data from CEPS, 2002 and WERS, 2004; Woodland et al, 2003; FOWTEP, 2006.

An analysis of FOWTEP, 2006, found that the proportion of employers allowing moves from full-time to part-time had remained stable since 2002 at around three-fifths of workplaces. An upward trend was, however, evident between 2002 and 2006 in the proportion of employers allowing staff to change from part-time to full-time - up from 47 per cent in 2002 to 64 per cent by 2006. The ability to move between contractual hours was therefore more balanced by 2006. While the ability to move from full-time to part-time was more widespread than policies to move from part-time to full-time in 2002, by 2006, they were equally available.

The scope for moving between full and part-time hours differs according to establishment type as can be seen in Figure 2.1. For each type of employer, the difference between the proportion allowing full-time to part-time and vice versa is only ever two or three percentage points. In order to highlight differences between distinct establishment types, the figure and subsequent discussion therefore focuses only upon policies allowing movement between full-time and part-time.

There would appear to be a strong gender dimension to the findings. Industries dominated by men were less likely to have policies in place allowing transitions between full and part-time hours compared with industries where women are more prevalent. In agriculture, mining and utilities, 46 per cent of employers allowed transitions from full to part-time, as did 48 per cent of employers in manufacturing and construction, whereas in education, health and other public services, 76 per cent of employers allowed such transitions. Indeed, among employers with no female staff, less than one third (30 per cent) have transitional policies compared with three-quarters (73 per cent) of employers where more than half their staff are women. Organisational size is also an important determinant of hours flexibility with 82 per cent of establishments with 50 or more employees having a policy allowing

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employees to change between full and part-time compared with 60 per cent of establishments with fewer than 50 staff.

42 per cent of the one fifth of establishments that did not employ any part-time staff at the time of the interview nevertheless claimed that transitions from full to part-time were permissible. This figure contrasts with the 68 per cent of establishments with at least some part-time staff employed.

Of interest, around one third of all establishments, regardless of size, industrial sector or extent to which women were numerically dominant in the workplace, operated an informal, unwritten policy allowing transitions between full and part-time. Differences among employers arose in relation to formal written policies which existed in one quarter (27 per cent) of small establishments compared with 43 per cent and 49 per cent of workplaces employing 50-199 and 200 plus staff respectively.

Figure 2.1 Characteristics of workplaces which allow full-time to part-time transitions

Characteristic	% allowing full-time to part-time
Agriculture, mining & utilities	46
Manufacturing & construction	48
Retail, wholesale & hospitality	63
Transport, storage & communication	68
Finance & other business	61
Education, health & other public	76
Unions absent	59
Unions present	76
Women: 50% or more	73
Women: 1-49%	52
No women	30
Size 50 or more	82
Size 5-49	60

☒ % allowing full-time to part-time

Source: FOWTEP, 2006.

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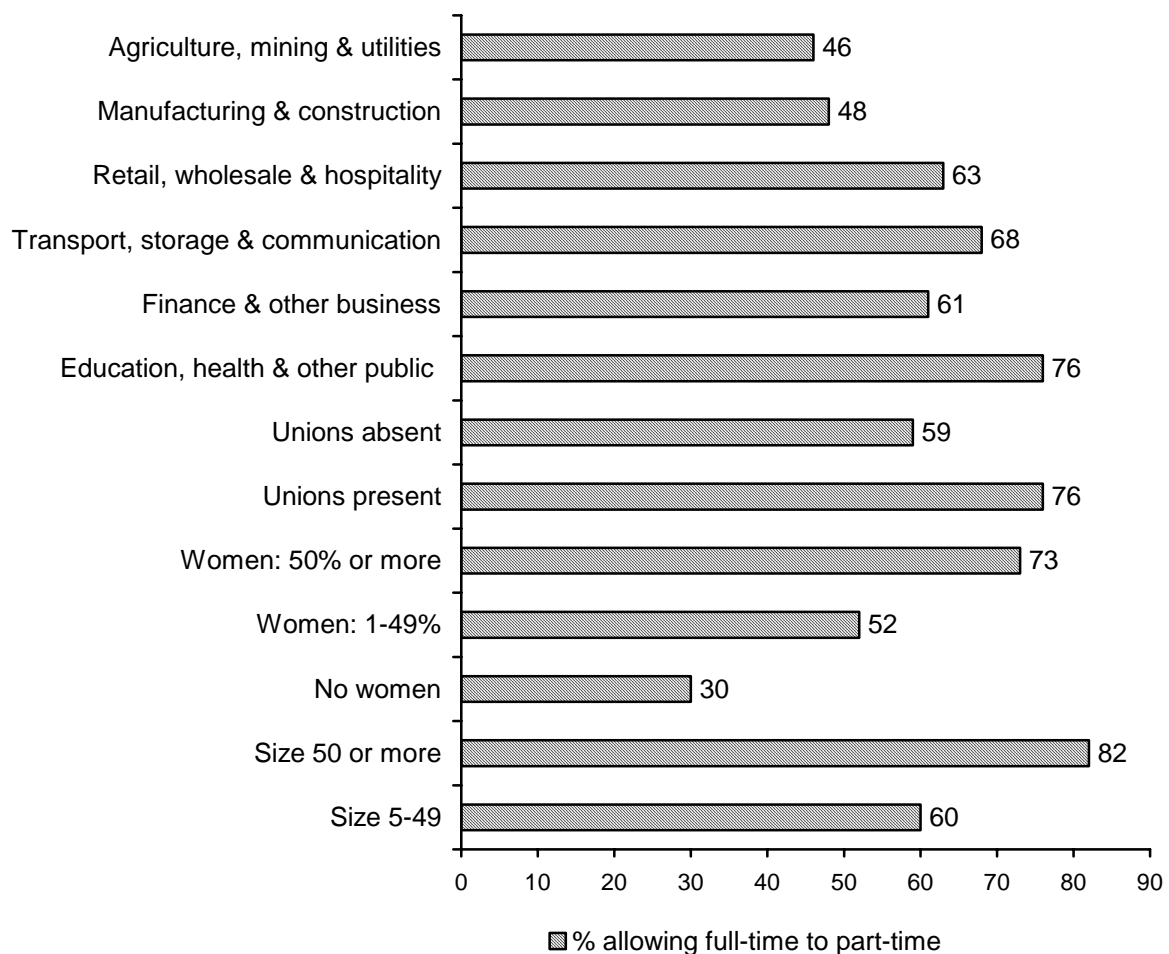
Overall, contractual flexibility appears to have improved with three-fifths of employers, by 2006, having employment schemes in place that allow staff to move between full-time and part-time hours contracts. To what extent, however, should transitions between full-time and part-time hours be regarded as 'risky' in terms of career progression? Is movement toward greater flexibility of hours still penalised in terms of reduced promotional prospects? Until equality of terms, conditions and prospects emerge, flexibility of hours (in particular, reduced hours) will remain a 'mummy track' instead of extending to all workers - a necessary first step toward genuine equality of opportunity for men and women alike (based on shared working and caring responsibilities).

The vast majority of establishments which have either formal written or unwritten policies permitting transitions from full-time to part-time work, stipulate that all categories of staff are eligible, although a few employers allow this for only non-managerial and non-professional staff. 86 per cent of employers with such a policy allow all staff to transfer from full-time to part-time, 13 per cent only allow non-managerial and non-professional staff to do so and 1 per cent only allow managerial/professional staff to do so. These distributions do, however, differ by industrial group. Between just 7 and 10 per cent of employers in the manufacturing and construction, agriculture, mining and utilities, finance and other business services, education, health and public service industrial sectors state that only non-managerial/professional staff are eligible to transfer from full to part-time. These proportions rise to 19 per cent and 22 per cent respectively of employers in the retail, wholesale and hospitality or transport, storage and communication sectors.

A study of flexible working use and availability in the IT industry (Flexecutive, 2004) indicates that the majority of men and women (93 per cent and 81 per cent respectively) want greater flexibility at work, but fear that work-life balance is associated with career death - lower pay, less interesting work and diminished promotional prospects. Of those interviewed for the study, 74 per cent believed that key roles were given to people working full-time and the same percentage believed that moving to a part-time or flexible work career would harm their promotion prospects. As a consequence, talented women with a need for flexibility are leaving the IT sector in considerable numbers. Attitudes to flexible working are identified as a key obstacle to progress. Part-time or reduced hours are perceived among most employees as incompatible with senior roles and managerial positions, with two-thirds of respondents to the survey stating that senior jobs require more than a 9-5 commitment. The association of part-time hours with lower status work and circumscribed promotion prospects is not only to be found in high tech industries, but is also prevalent in the Health Service. Part-time nurses were found to be confined to

lower grade positions regardless of skills, qualifications and years of service (Lane, 2000).

In nearly two-thirds (64 per cent) of the FOWTEP 06 establishments surveyed, there existed well defined career ladders or sequences of jobs which employees could ascend. In these workplaces, three-quarters stated unequivocally that the career prospects of part-time staff were as good as those for full-time staff. As shown in Figure 2.2, a linear relationship exists, however, between the proportion of men employed in an organisation and the stated equality of promotion prospects between full-timers and part-timers. This is the similar to the finding noted above (pp. 13-14) that organisations in which women form the majority are more likely to allow full-time to part-time transitions.

Figure 2.2   Proportion of employers describing full-time and part-time career prospects as equal
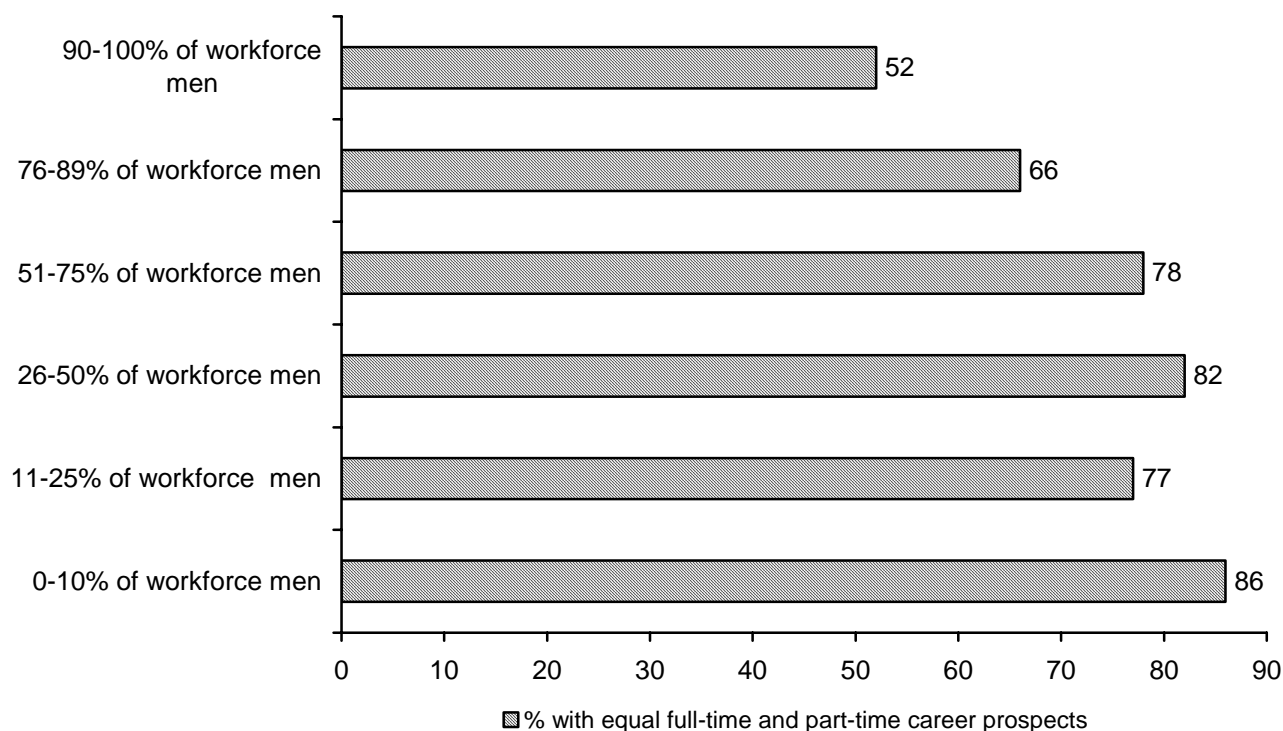
Source: FOWTEP, 2006.

Figure 2.2 shows that only half (52 per cent) of the workplaces which were dominated by men (who comprised 90-100% of the workforce) claimed that part-time staff had prospects which matched those of full-time staff. This figure rose to 86 per cent of establishments dominated by women (who comprised 90-100 per cent of the workforce). The fact that women are exposed to a heightened risk of 'career death' if they pursue flexibility in workplaces that are dominated by men, accounts in part for

much of the occupational segregation evident in the labour market. In terms of industrial sector, the lowest proportions of employers claiming full and part-time career prospects were equal, were found in agriculture, mining and utilities (52 per cent) and manufacturing and construction (58 per cent), followed by transport, storage and communication (72 per cent) and finance and other business (75 per cent). The highest proportions were in education, health and other public services (80 per cent) and retail, wholesale and hospitality (81 per cent).

It is interesting to find so many employers claiming that full-time and part-time career prospects are comparable when the perception of individuals is so different (Flexecutive, 2004). It is possible that while policies exist to ensure that staff are not discriminated against according to their hours of work, in practice, line managers may subvert such policies by favouring full-time staff who they perceive as more committed.

2.3 Summary

- Three-fifths of employers allow full-time to part-time transitions in principle, a broadly stable figure since 2002.

- Three-fifths of employers also allow part-time to full-time transitions in principle - up by 19 percentage points since 2002.

- Workplaces in which women are in the majority are more likely than those in which men are in the majority to permit these 'maintenance transitions'.

- The public sector and large or medium employers allow transitions between full-time and part-time to a greater extent than small (with 5-49 employees) or private sector establishments.

- Where maintenance transitions from full-time to part-time are available, a minority of 13 per cent reserve the right for non-managerial staff only. The retail, wholesale and hospitality and transport, storage and communication sectors have a somewhat above average likelihood, at one fifth, of reserving eligibility to transfer to part-time for non-managers only.

- Three-quarters of establishments with career ladders state that full-time and part-time staff have equal career prospects. This figure drops to just half in the workplaces dominated by men.

3.   FLEXIBILITY OF HOURS

3.1   Introduction

Part-time hours are most popular among young men entering the labour market, older men in the period leading up to retirement and among women following childbirth. For most employees, however, the flexibility afforded by part-time hours is not financially viable. Part-time hours entail part-time pay. Other forms of flexibility are therefore often preferred, such as flexitime or compressed weeks/fortnights, as they do not incur a financial penalty. To what extent do employers meet the demand for such forms of flexibility and are such options becoming more prevalent in response to tight labour markets, demographic change and the government's Work-Life Balance campaign (which was launched in 2000)?

Schemes under consideration in the chapter include flexitime, job-share, term-time working, compressed hours and annualised hours. Flexitime systems typically require staff to work a fixed number of daily or weekly hours, but allow them discretion in the time they arrive and depart provided core hours are covered. For example, it may be necessary to be at work between 10am and 4pm every day, but staff can choose to arrive at any time between 8am and 10am and leave at any time between 4pm and 6pm dependent upon time of arrival. The ability to work flexitime is clearly valued by employees; for example, Holmes et al (2007) found that 68 per cent of adults (75 per cent of women and 61 per cent of men) considered the ability to work flexitime in a new job or role to be important.

Job-share arrangements are self-explanatory, with two individuals performing one job, perhaps working 2.5 days a week each.

Term-time working is a system conceived for parents which allows staff to work only when their children are at school, i.e. during term times. In this way, parents can avoid the expense and complications of childcare arrangements during children's holiday periods. Holmes et al (2007) found that 29 per cent of women and 14 per cent of men would use term-time working if made available by current employers; women were also much more likely than men to say that the option to work during term-times only in a new job was important (40 per cent compared with 19 per cent).

Compressed hours schemes are based on a fixed number of weekly or monthly hours, but allow staff to work long days so that excessive hours can be accumulated to allow one day per week or fortnight to be taken off in lieu. In this way, one or two weeks of work can be compressed into four or nine days.

Annualised hours are 'systems in manufacturing which are used to achieve continuous production throughout the year and are often introduced where shift systems are seen as no longer working effectively' (www.tuc.org.uk). Annual hours are agreed, but variation in the number of hours worked on a weekly or monthly basis vary. In this way, the availability of staff can be better matched to the ebb and flow of customer demand for goods or services which may, for example, be seasonal. Whether such a system is of benefit to an employee depends on periods of notice, regularity of work and the extent to which an employee has any control over working time regimes. Holmes et al (2007) found that 25 per cent of people would use annualised hours if they were made available by current employers, even though they would not necessarily have control of the hours worked.

3.2   FOWTEP survey evidence

Figure 3.1 shows the incidence of a range of flexible working arrangements in 2006. Three-fifths (60 per cent) of employers had a flexitime system of hours in operation. Less than half the workplaces allowed their staff to job-share (44 per cent) and a smaller 41 per cent condoned term-time working. Less widely available, arising in one third of establishments, were compressed hours and annualised hours schemes.

Figure 3.1 Availability of flexible working arrangements
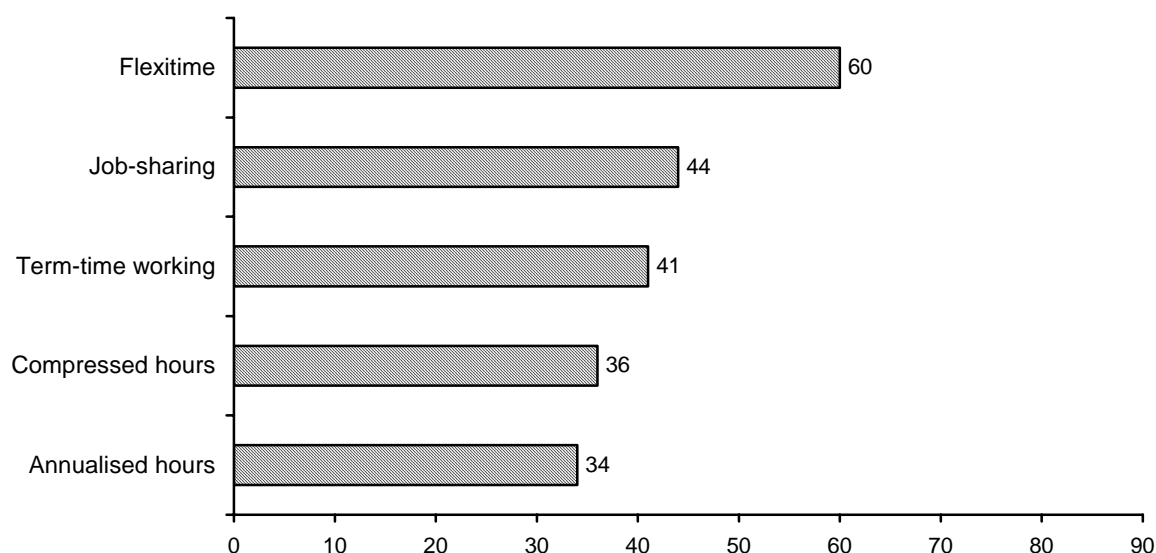
Base: 915.

Source: FOWTEP, 2006.

These results from FOWTEP can be compared with those from CEPS (2002) and WERS (2004). It should be emphasised that the data from these three surveys for flexitime schemes are not fully comparable, since they deploy distinct question

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wording which can generate quite different results for this particular issue.[7] Nevertheless, the size of the increase in the proportions offering job-share (26 per cent in 2004 and 44 per cent in 2006), compressed hours (11 per cent and 36 per cent) and especially annualised hours (4 per cent and 34 per cent) does suggest that there has been an upward trend in provision for these schemes.[8]

The incidence of flexitime schedules remained fairly stable between 2002 (70 per cent) and 2006 (60 per cent) with an apparent sharp dip in 2004 (35 per cent). This is probably explained by the differences in question wording between WERS and FOWTEP. Another survey, the European Establishment Survey on Working Time and Work-Life Balance (ESWT), conducted in 2004-05, surveyed 21,000 establishments with 10 or more employees across 21 European countries. This survey indicated that 56 per cent of UK establishments operated some form of a flexitime system (Riedmann et al, 2006). This figure is closer to that of the FOWTEP survey, but also uses distinct question wording.[9]

To shed more light on possible trends in flexible hours working arrangements, it is also useful to examine surveys of employees. Comparing the second and third Work-Life Balance Employee Surveys of 2003 and 2006, an upward trend in the availability of all flexible hours arrangements was evident (Hooker et al, 2007). Availability of term-time working increased from 32 per cent to 37 per cent of employees, flexitime increased from 48 per cent to 53 per cent, job sharing increased from 41 per cent to 47 per cent, compressed working weeks increased from 30 per cent to 35 per cent and, finally, annualised hours increased from 20 per cent to 24 per cent.

Comparing the Maternity Rights Surveys of 2002 and 2005 (which sampled mothers 17 months after the birth of a baby), similar upward trends can also be detected (Smeaton and Marsh, 2006). Availability of term-time working increased from 21 per cent to 38 per cent, flexitime increased from 44 per cent to 68 per cent, job sharing

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[7]   In WERS, the flexible hours question took the following form: Looking at this card do you have any of the following working time arrangements for any employees at this workplace? (job sharing, flexi-time, compressed hours). Looking at this card, are any employees here entitled to term-time working? Annual(ised) hours was not regarded as a flexible working arrangement in WERS and was covered by a separate question. In FOWTEP, the question was asked in the following manner: I am going to read to you a list of benefits that you may provide for employees. After each one I would like you to tell me whether it is available to all employees, only to some, or not available at all (flexi-time hours, job sharing opportunities, term-time working, compressed hours, annualised hours). The FOWTEP and CEPS questionnaires were more similar to each other than either were to WERS.

[8]   CEPS not did not cover job-share, compressed hours or annualised hours.

[9]   The ESWT survey refrained from using the term 'flexitime'.

increased from 44 per cent to 54 per cent and compressed working weeks increased from 10 per cent to 34 per cent.

Gathering together the various sources of evidence, it would appear that while the exact scale of growth is hard to determine given the different sampling strategies and question wording used in the various surveys under investigation, flexible hours working arrangements are becoming increasingly widespread throughout British workplaces.

As Table 3.1 shows, the pattern of provision of flexible working arrangements is similar across all six broad industrial sectors. A higher proportion of establishments make each type of arrangement available in the education, health and other public service industries than in the other five sectors. The proportion of establishments in the retail, wholesale and hospitality sector making the arrangements available is also generally above average, whereas a below average proportion of establishments in the transport, storage and communication sector offer them. Figures for the agriculture, mining and utilities sector are less robust, based on an overall sample of less than 100.

Table 3.1   Availability of flexible working arrangements by sector

	Per cent:					
	Agriculture, mining & utilities	Manufacturing & construction	Retail etc	Transport etc	Finance & other business	Education, health & other public services
Flexitime	54	61	58	55	58	66
Job-share	43	35	41	28	37	71
Term-time working	25	27	48	25	36	53
Compressed hours	26	32	40	29	31	41
Annualised hours	40	23	40	29	28	41
Base N	89	157	205	109	147	208

Source: FOWTEP, 2006.

A minority of employers - just 16 per cent - do not provide any schemes which offer staff some flexibility in the hours they work (Figure 3.2). At the other extreme, only 8 per cent of employers provide all five of the schemes under consideration with 23 per cent providing four or five. The median number of schemes provided by employers was two; one fifth offered one, one fifth offered two and around a further fifth providing three of the schemes for flexibility in hours.

Figure 3.2 The number of flexible hours schemes provided by employers

Proportion of employers
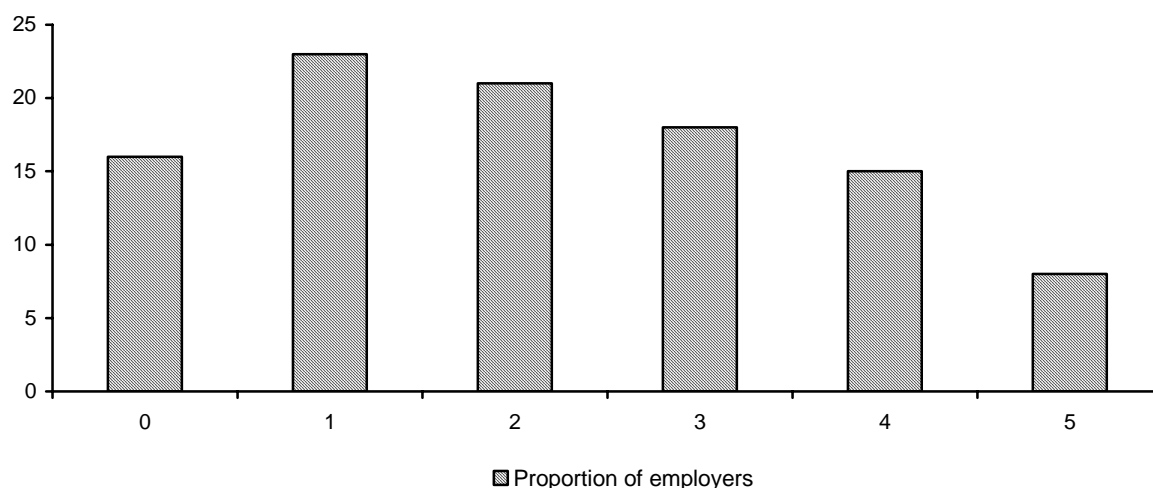
Base: 915.

Source: FOWTEP, 2006.

Looking at the extremes of flexible working provision, the characteristics of employers providing 4-5 schemes and those who do not provide any schemes differ in a number of respects (Table 3.2).

Among employers who provide no flexible hours arrangements, the following are notably over-represented: agriculture, mining and utilities, transport, storage and communication and finance and other business etc industries; employers with low proportions of women and employers with no part-timers. Among employers who provide 4-5 flexible hours arrangements, the following are over-represented; education, health and other public services; public sector/non-profit establishments; employers with a female workforce in excess of 25 per cent; large employers with a workforce of 200 or more; establishments open for seven days or more per week; and establishments with a trade union presence.

Initially, employers were asked in general terms whether they had increased and planned to extend or introduce 'flexibility in terms of the hours that staff work'. One third of workplaces (35 per cent) had increased flexibility in the hours that their staff worked over the previous three years. Recent change in the flexibility of hours worked was most prevalent among larger establishments, affecting 33 per cent of workplaces employing 5-49 staff, 44 per cent of workplaces employing 50-199 staff and 60 per cent of workplaces with 200 or more employees. The public sector also stands out as particularly likely to have introduced change in hours-flexibility recently, reaching 43 per cent of such workplaces.

Table 3.2   Characteristics of employers operating either 0 or 4-5 flexible hours schemes

	Base	% with 0 flexible hours schemes	% with 4-5 flexible hours schemes
All	*915*	16	23
Industry			
Agriculture, mining & utilities	*89*	23	18
Manufacturing & construction	*157*	20	15
Retail, wholesale & hospitality	*205*	16	27
Transport, storage & communication	*109*	22	7
Finance & other business	*147*	22	20
Education, health & other public services	*208*	3	29
% of women in establishment			
0-10%	*155*	31	10
11-25%	*122*	21	18
26-100%	*580*	12	26
% of staff employed part-time			
0	*162*	30	12
1-25%	*385*	18	17
26-100%	*338*	8	32
Establishment size			
5-49	*535*	17	22
50-199	*262*	10	24
200 or more	*118*	8	34
Establishment status			
Private sector	*717*	19	20
Public/non-profit sector	*184*	3	36
Days establishment open			
5	*445*	17	18
6	*131*	22	21
7	*335*	11	29
Union presence?			
Yes	*292*	9	31
No	*596*	18	20

Source: FOWTEP, 2006.

Among employers who already provided some form of flexibility, 16 per cent expressed the intention to increase the amount of flexibility over the next year. Among employers who had already increased provision over the previous three years, one quarter (26 per cent) planned to extend it further. This compared with just 10 per cent of employers who had maintained a stable provision of flexibility over the

previous three years. These findings can be interpreted as an endorsement of flexible arrangements where introduced, as a significant number of employers found them sufficiently beneficial to continue further along the path of flexibility.

In terms of specific arrangements, including flexitime, compressed hours, annualised hours, term-time working and job-sharing, where these were not in use, few plans to introduce such arrangements were evident among the employers interviewed (Table 3.3). Where they were available, however, a significant minority of employers planned to introduce more flexibility or extend provision to more employees. Planned extensions to the provision of term-time working and annualised hours was the most widely reported (among 19 per cent and 24 per cent respectively). Between one in nine and one in seven employers also planned to introduce more flexitime, compressed hours or job-share opportunities. There would appear to be considerable scope for both more types of flexibility and wider eligibility to be introduced throughout British workplaces. Change in working time arrangements continues to be an area of growth.

Table 3.3   Flexible working arrangements - plans to introduce or extend

| | Over next 12 months plan to: | | | |
	Base N	Introduce %	Base N	Extend %
Flexitime (a)	355	5	168	14
Job-share (b)	416	3	160	13
Term-time working (c)	520	4	126	19
Compressed hours (d)	537	2	108	11
Annualised hours (e)	577	3	84	24

Source: FOWTEP, 2006.

Unlike some other flexible arrangements, such as term-time working and job-sharing, flexitime is fairly widely available throughout British industry with few strong determinants predicting flexitime provision. Figure 3.3 examines the characteristics of workplaces which allow flexitime. It is evident that flexitime is more prevalent in public sector than private sector establishments (75 per cent and 38 per cent respectively) and more widespread in large establishments - 69 per cent of those employing at least 200 staff compared with 60 per cent of smaller establishments employing fewer than 200 staff. There is also some association between the degree of technology used and the likelihood of flexitime provision. Where just ten per cent or less of a workforce uses technology such as personal computers, 48 per cent provide flexitime. This figure rises to 64 per cent of establishments if more than ten per cent

of the workforce uses computerised equipment. The higher the proportion of women in a workplace, the more likely flexitime is available. In establishments comprised of 0-10 per cent women, 11-25 per cent women and 26-75 per cent women, flexitime is provided in 48, 58 and 68 per cent of the establishments respectively. However, in establishments where more than three-quarters of the workforce are female, flexitime is provided in only 53 per cent of establishments. This is probably accounted for by the fact that these workplaces are more likely to be small (with 5-49 employees) and in smaller firms, fewer flexible arrangements prevail.

Figure 3.3 Characteristics of workplaces which allow flexitime
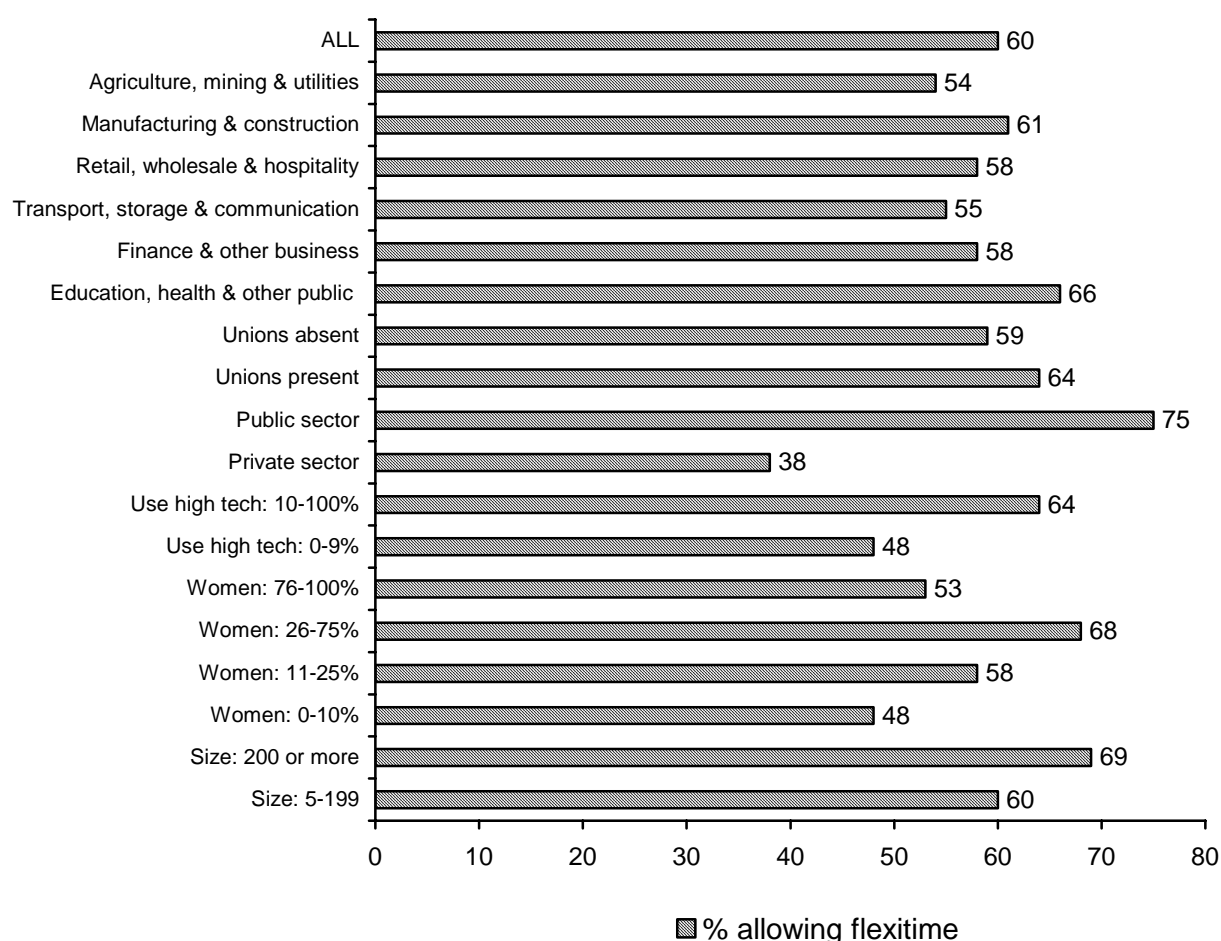
Source: FOWTEP, 2006.

Figures 3.4 and 3.5 show the characteristics of establishments associated with providing job-sharing and term-time working opportunities. The same profile of employers features in each case. Workplaces with a high proportion of women; which have union representation; are in the public sector; and are in education, health and other public services or in the retail and wholesale industries all have a heightened probability of providing job-share or term-time opportunities. In other words, they are provided primarily with women in mind.

Figure 3.4 Characteristics of workplaces which allow job-sharing

Bar chart: % allowing job-sharing

- ALL: 44
- Manufacturing & construction: 35
- Retail, wholesale & hospitality: 41
- Transport, storage & communication: 28
- Finance & other business: 37
- Education, health & other public: 71
- Unions absent: 39
- Unions present: 63
- Public sector: 75
- Private sector: 38
- Women: 50-100%: 52
- Women: 1-49%: 35
- Women: none: 22

☑ % allowing job-sharing
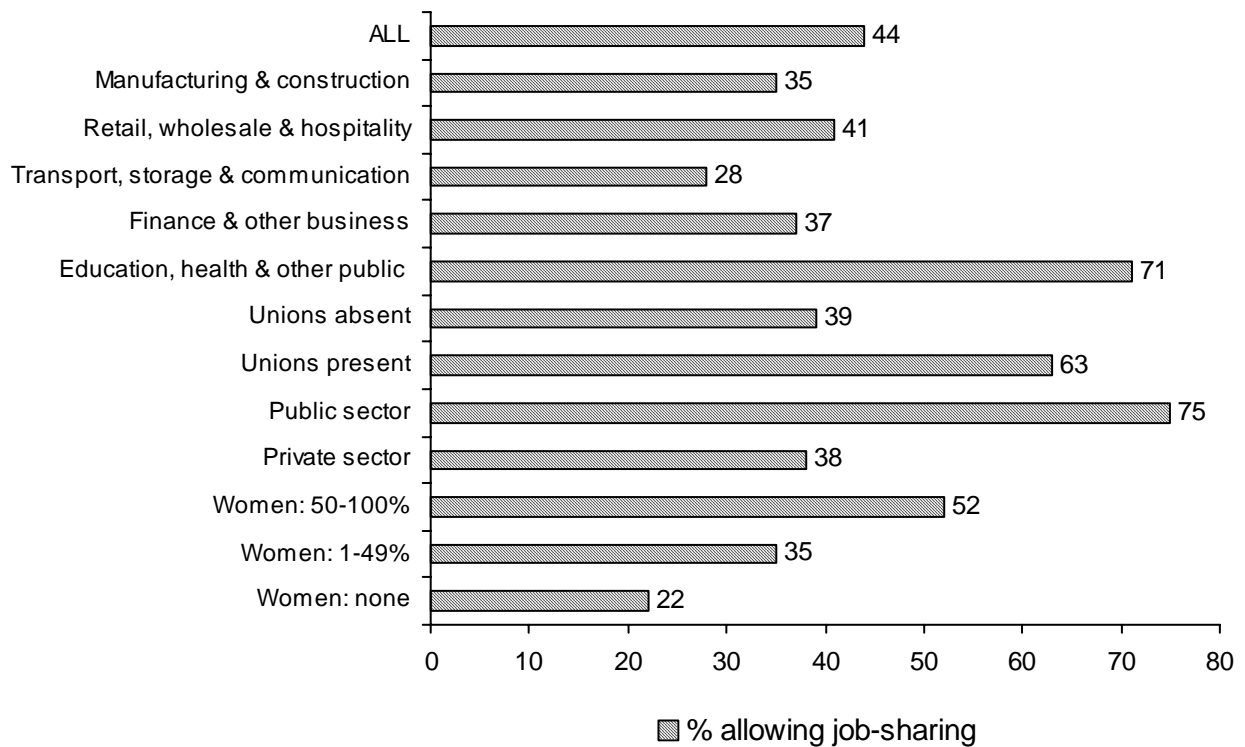
Source: FOWTEP, 2006.

Figure 3.5 Characteristics of workplaces which provide term-time working

Bar chart: % providing term-time working

- ALL: 41
- Agriculture, mining & utilities: 25
- Manufacturing & construction: 27
- Retail, wholesale & hospitality: 48
- Transport, storage & communication: 25
- Finance & other business: 36
- Education, health & other public: 53
- Unions absent: 37
- Unions present: 54
- Public sector: 64
- Private sector: 37
- Women: 75-100%: 53
- Women: 50-74%: 47
- Women: 1-49%: 32
- Women: none: 14

☑ % providing term-time working

Source: FOWTEP, 2006.

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The probability of having the option of compressed hours is significantly associated with establishment size, sector and the proportion of women in the workplace (Figure 3.6).

Figure 3.6   Characteristics of workplaces which allow compressed hours

% allowing compressed hours
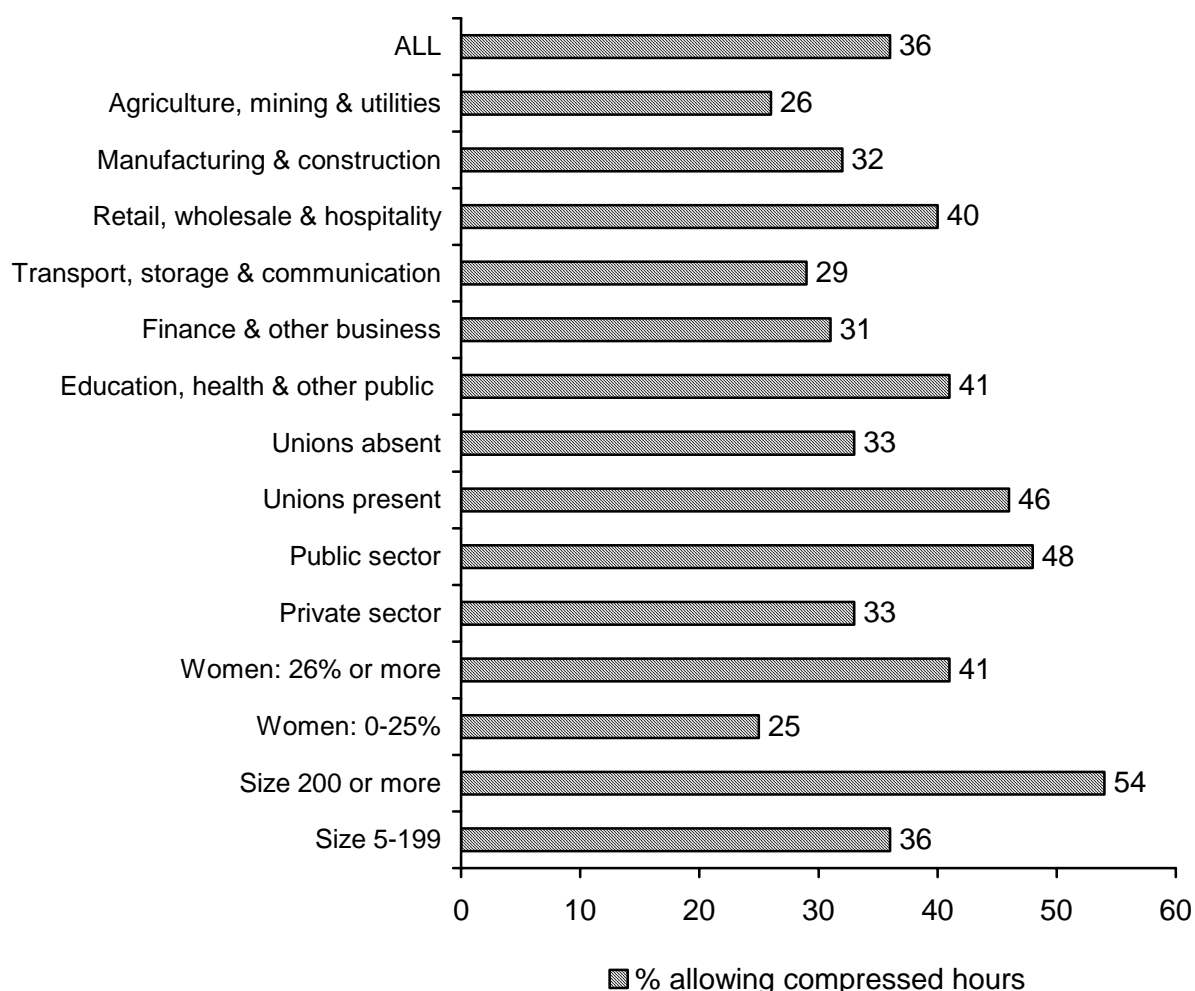
Source: FOWTEP, 2006.

In smaller workplaces with 5-199 staff, 36 per cent of establishments provide compressed hours, compared with 54 per cent of establishments employing 200 or more staff. 48 per cent of public sector workplaces offer compressed hours, compared with 33 per cent of private sector establishments. The retail, wholesale and hospitality sector, in addition to education, health and other public services industry establishments, also have an enhanced probability of allowing compressed hours (40 and 41 per cent respectively). Among establishments where women are a minority of the workforce (one quarter or less), only one quarter have compressed hours schemes in place - this compares with 41 per cent of establishments which a higher proportion of female employees.

Figure 3.7 shows the distribution of annualised hours schemes according to establishment type.

Figure 3.7 Characteristics of workplaces which have annualised hours schemes
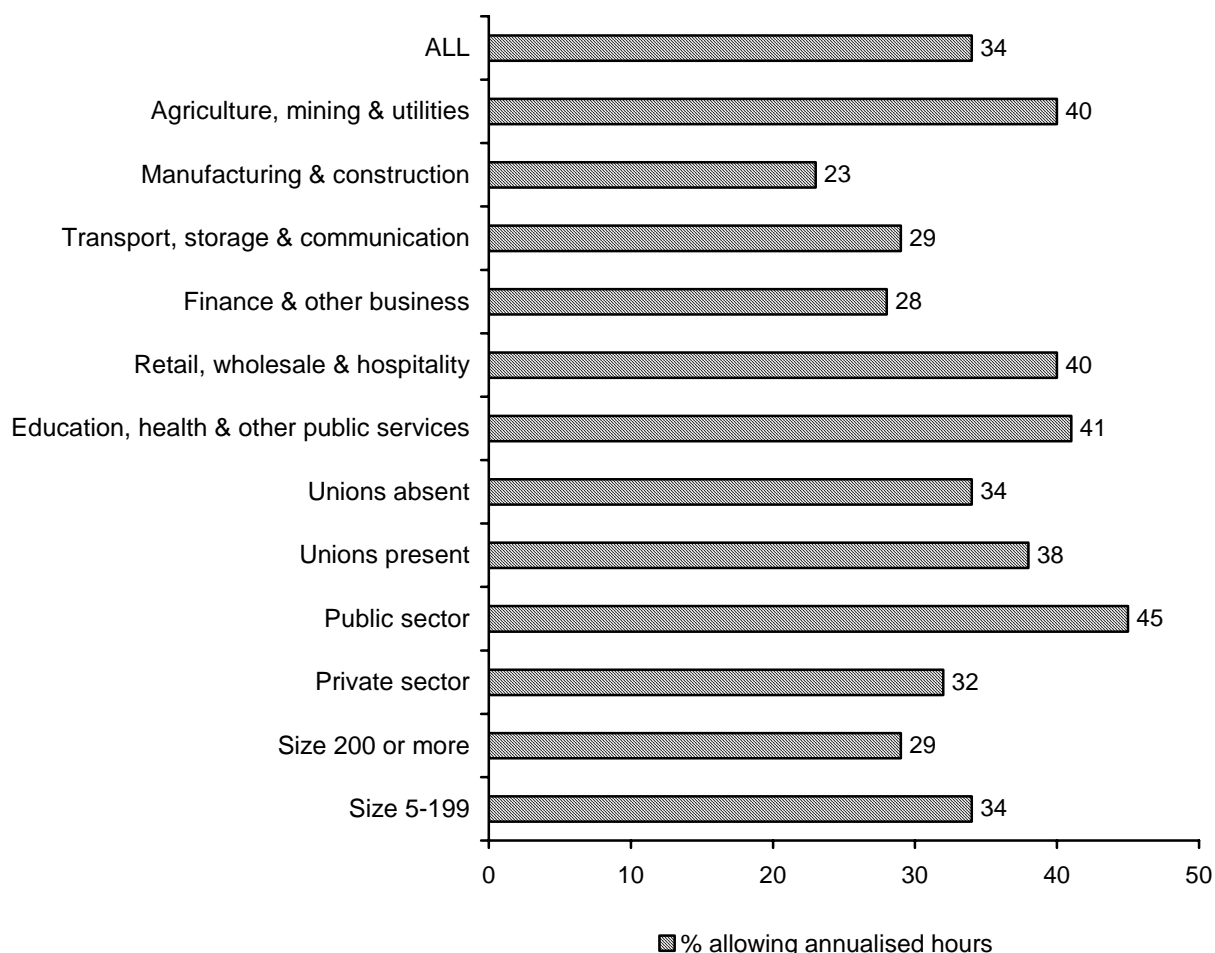
Source: FOWTEP, 2006.

It is evident that annualised hours systems are not confined to manufacturing industries, with a wide range of employers using the system to smooth peaks and troughs in demand throughout the year. The only significant predictor of annualised hours usage is industrial sector. Overall, 45 per cent of public sector establishments use annualised hours, compared with 32 per cent of private sector establishments. In terms of specific industries, annualised hours schemes are most common in agriculture, mining and utilities (40 per cent), retail, wholesale and hospitality (40 per cent) and in education, health and other public services establishments (41 per cent).

Employee eligibility for flexibility
Where particular schemes were available, eligibility was more likely to be universal than reserved for particular groups of staff (Figure 3.8).

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Figure 3.8 Flexible working arrangements - staff eligibility

Flexitime	76
Job-sharing	73
Term-time working	69
Compressed hours	76
Annualised hours	87

% of employers extending eligibility to all staff
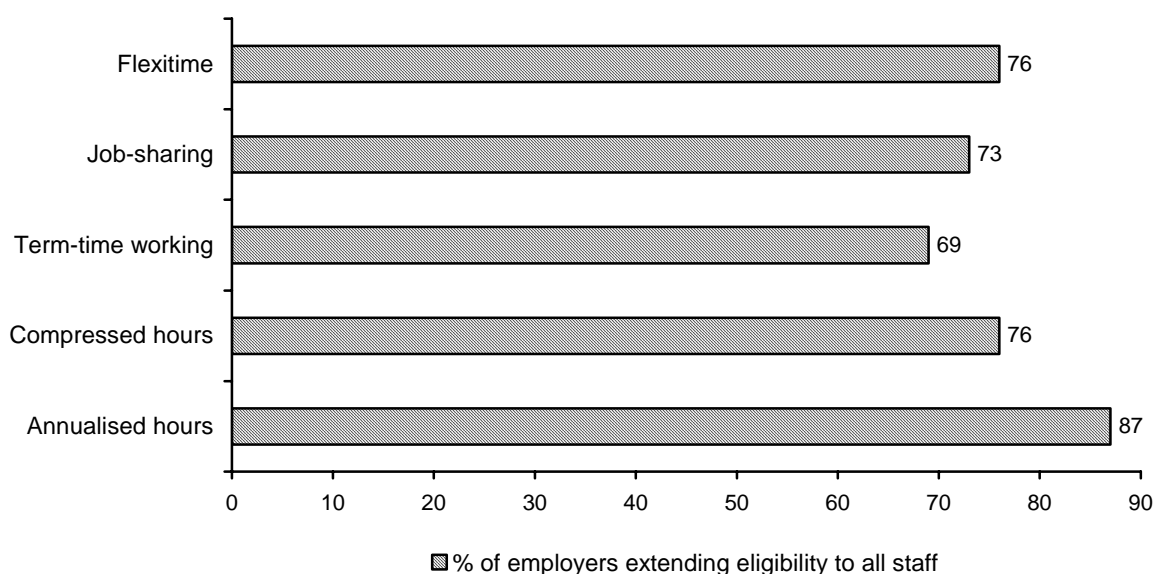
Source: FOWTEP, 2006.

In around three-quarters of workplaces, flexitime, compressed hours and job-share arrangements were accessible by all staff - managerial, professional and all other groups. The equivalent figure for annualised hours was a little higher at 87 per cent and for term-time working a little lower at 69 per cent. On the whole though, most staff were entitled to use these schemes where they existed and, combined with the findings cited above that a significant minority of workplaces were also extending current provision, it would appear that a policy of harmonisation is fairly widespread. Distinct terms, conditions and benefits among workers of different employment status are therefore becoming less common.

In 2002 and 2004 where flexitime was available, eligibility extended to all staff in just over half the establishments - 56 per cent in 2002 (analysis of CEPS unpublished data) and 54 per cent in 2004 (analysis of WERS unpublished data). This was significantly lower than the full eligibility found in 76 per cent of establishments by 2006. However, the findings of the parallel survey of individuals (Holmes et al, 2007) were very different; only 22 per cent of respondents stated that flexitime was available to all employees.

3.3   Summary

- Flexitime is the most prevalent flexible working arrangement - available in 60 per cent of workplaces.

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- Job-sharing and term-time working were also fairly widespread, provided by over half (56 per cent) and somewhat under half (41 per cent) of employers respectively.

- In one third of workplaces, compressed hours or annualised hours were available.

- While no clear trend was apparent for flexitime, all other arrangements have become increasingly available since 2002 or 2004.

- Employers were also asked whether they had increased the flexibility of hours that staff worked in the previous three years. One third had done so.

- Increases in flexibility were most common among large establishments and also among public sector employers.

- Where flexibility was not available, only 15 per cent of employers planned to introduce it in some form over the coming year and where already available, 16 per cent planned to extend it further either to more staff or by using a greater range of options.

- Considerable change in the working arrangements of staff in British workplaces is therefore clearly underway.

- Job-share and term-time working is most prevalent in workplaces dominated by women, in the public sector and in the retail, wholesale and hospitality industry.

- Compressed hours are most common in large establishments, in the public sector and in the retail, wholesale and hospitality industry.

- Most workplaces impose harmonised working arrangements with flexible options available to all staff categories in most instances.

4. SPATIAL FLEXIBILITY - WORKING FROM HOME

4.1 Introduction

Spatial flexibility refers to the ability to work in a variety of locations other than the usual office or workplace. Often referred to as teleworking, the ability to work from home certainly offers a number of benefits including greater flexibility for employees. Spiralling building and office space costs can be a trigger for employers to reconsider how they use work-space. Open-plan environments permit a greater density of staff per square metre and the combination of homeworking with hotdesking can also reduce the need for expensive space. Hotdesks provide desk space which can be shared by those who come to the office on an occasional basis. The need to consider building expenses is a current issue with accommodation costs representing, on average, one tenth of employer outgoings. The response is clear - employee floor space has declined from 17.7 to 11.1 sq. m (*The Guardian* 22.7.06, Work section, p. 2).

Without the need to travel, employees can, in principle, achieve more in a given day, hence homeworking can lead to improved levels of performance. It also promotes work/life balance as employees can more readily juggle work and non-work responsibilities over the working week. Despite the enhanced productivity associated with homeworking, very few employers have an established policy on this form of working. Yet homeworking offers the potential to achieve far more than simply improving work-life balance. It can extend employment opportunities to previously excluded groups, ease congestion, reduce pollution and promote rural sustainability (Dwelly and Bennion, 2003).

It should be noted however that homeworking can also be associated with a problematic absence of boundaries between home and work. Employers may develop an expectation of their staff to be constantly available to work and to be 'on call' (DTI, 2005). On the other hand, for women in particular, partners and children may regard the presence of their mother/partner at home as being similarly permanently 'on call' for a wide variety of needs or whims. Juggling these pressures from work and home can add to the burden of time management. Indeed, Philpott (2006) warns that casual teleworkers are among the most at risk of workaholism. The positive and negative aspects of homeworking are described by Armstrong (1999: 58):

> *Two ends of this spectrum (of opinion) could be described as envisioning telework as a means of promoting economic well-being, freedom of choice and balanced lifestyles, to seeing it as an intensification of the worst*

> *aspects of competitive capitalism, increasing inequality and encouraging work 'obsession' (or) heightened work orientation.*

Despite the risks, homeworking is a popular option, with 29 per cent of respondents to the second WLB employee survey, who had not worked at home in the previous year, stating that they would like to do so (Stevens et al, 2004). Similarly, in 2006, 24 per cent of those who were not regularly working at home in their current jobs would like to have been able to do so (Hooker et al, 2007). Holmes et al (2007) found that 54 per cent of people would like the opportunity to work from home some of the time in a new job.

4.2 FOWTEP survey evidence

In 2006, homeworking was available in one third of workplaces, but in only 10 per cent of establishments was the option available to all categories of staff (Table 4.1). The remaining 24 per cent of establishments confined access to just some staff. The proportion of individuals stating in the parallel survey that homeworking was available for all employees was very similar at 8 per cent (Holmes et al, 2007).

Opportunities to work from home are most widespread among men, the well educated and those working in higher grade professional and managerial occupations (Felstead et al, 2000, 2002, Philpott, 2006). Felstead et al do, however, differentiate between two groups of homeworkers. The first group are economically advantaged and dominated by professional men who tend to have the right to work from home on an occasional or regular basis. The second group are dominated by women, receive low pay, perform manual work and are typically *required* to work from home most or all of the time.

The distribution of homeworking throughout British industry has not changed since 2002 (Table 4.1), despite continuing technological developments and campaigning from organisations such as the Work Foundation which has been emphasising the wide ranging benefits of working from home (Dwelly and Bennion, 2003).

Table 4.1   Establishments allowing some or all of their staff to work from home

	Per cent:		
	2002	**2004**	**2006**
Working from home	34	33	34
Base:	2,000	2,295	915

Source: Unpublished data from CEPS, 2002 and WERS, 2004; FOWTEP, 2006.

There is evidence, however, to suggest that homeworking will become more widespread in terms of the number of eligible staff. While only a small two per cent of employers plan, over the next twelve months, to introduce homeworking, in workplaces that provide the option for just some staff, 16 per cent plan to harmonise employment terms and extend the opportunity to all staff.

Homeworking opportunities are most prevalent in public sector establishments; in finance and other business services and in education, health and other public services industries where unions tend to have a presence; and in large establishments of over 200 employees (Figure 4.1).

Figure 4.1   Characteristics of workplaces which provide homeworking opportunities
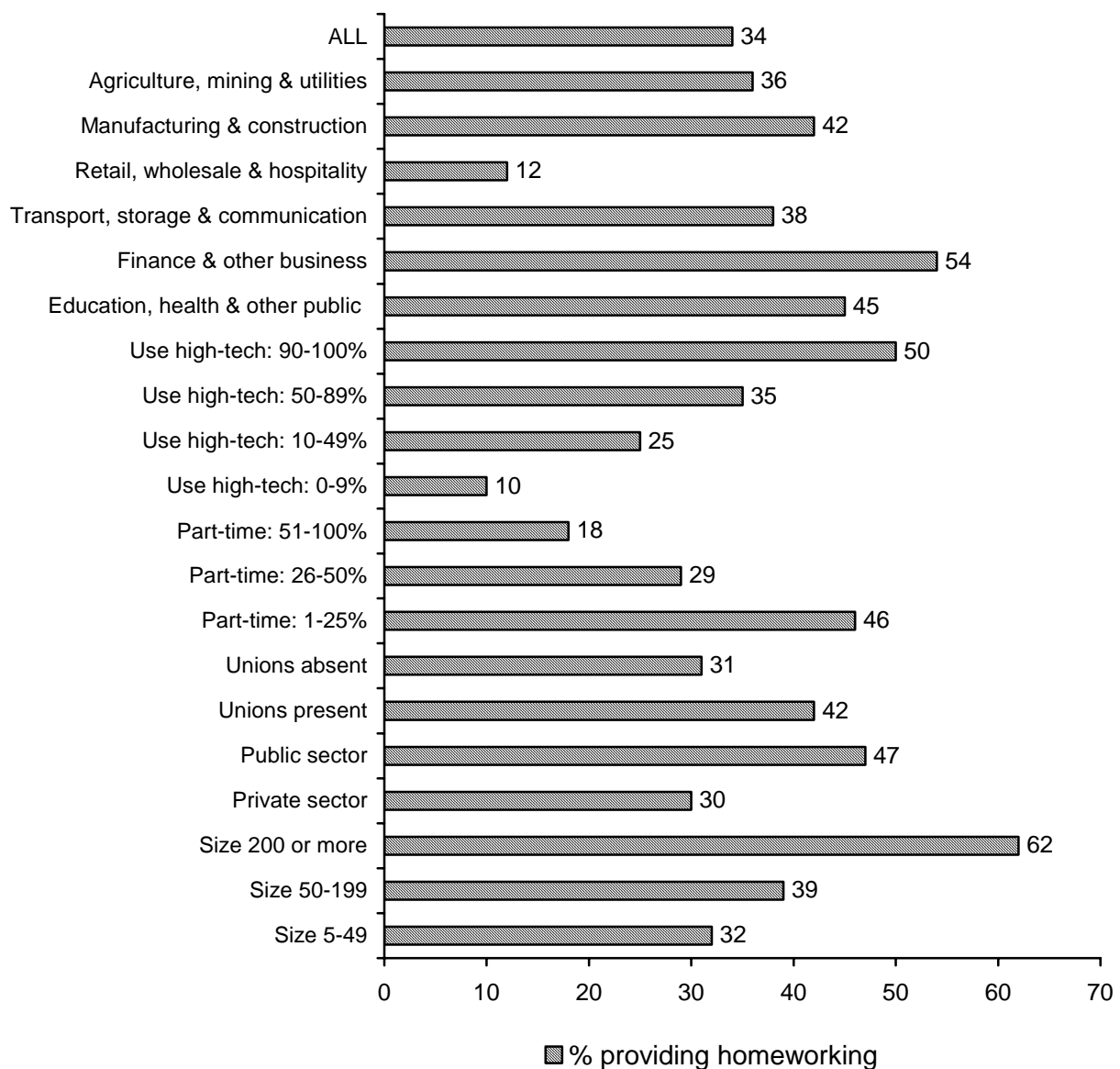
Source: FOWTEP, 2006.

Homeworking is least common in the wholesale and retail sectors. Working on a part-time basis would also seem to be treated as largely incompatible with homeworking. Where the proportion of part-timers is less than one quarter in an establishment nearly half the employers (46 per cent) allow homeworking compared with under one fifth (17 per cent) of employers where more than half their staff are part-time. There is also an association between density of technology in a workplace and homeworking opportunities. If less than ten per cent of the workforce use PCs or other technological equipment, only ten per cent of such employers allow homeworking - a figure which rises to 50 per cent of employers where virtually all of their staff (90 per cent plus) work using computerised equipment. This of course is not a surprising finding given that specific types of homeworking are dependent upon the use of technology such as home PCs and the internet.

4.3 Summary

- In 10 per cent of establishments, all employees were entitled to work from home on an occasional or regular basis.

- In a further one quarter of establishments, homeworking was also available, but eligibility was restricted to just some employees.

- Among establishments that restricted access to homeworking, 16 per cent planned to extend such opportunities to all staff.

- Despite continuing technological advances, homeworking has remained fairly stable since 2002.

- An above average incidence of homeworking can be found in large establishments and in the public sector.

- Homeworking is notably less likely to be available in establishments with a high density of part-time employees and in the retail sector.

5.   FLEXIBILITY OF CAREERS

5.1   Introduction

Taking a lifecycle perspective, individual needs, preferences and responsibilities undulate, sometimes unpredictably, with implications for the availability of individuals to work. Career breaks provide an opportunity to respond to changing circumstances, allowing blocks of time out for a range of reasons such as training, periods of intensive caring for older people or simply time-out to revitalize creativity and energy. The use of career breaks (which can be associated with years of service) could be used to encourage loyalty and promote staff retention rates. Concerned with skills shortages and the need to improve staff loyalty and retention, businesses need to consider a wide variety of schemes to encourage employment longevity. The need to find staff retention incentives is especially acute now given changes to occupational pensions and their increased portability. With the demise of defined benefit schemes in favour of the cheaper, less generous, more portable and more risky defined contribution pension schemes, an important incentive for long-service has been lost.

Sabbaticals are distinguishable from career breaks as they tend to involve time away from work on full pay. They also differ from career breaks insofar as they are often associated with an expectation to pursue work in one's own time over a lengthy period. The university sector, for example, has widely used sabbaticals to give staff time away from teaching in order to focus on research pursuits - especially prior to the 1990s. After this point in time, the division of labour between research and teaching became progressively blurred as lecturing staff were increasingly expected to become research active without the benefit of sabbaticals.

Holmes et al (2007) found that 29 per cent of people would use career breaks if they were offered by their employers. A higher proportion (40 per cent) would use paid sabbaticals if they were offered.

5.2   FOWTEP survey evidence

From Table 5.1, it is evident that the availability of career breaks are fairly widespread with a little over one third (37 per cent) of employers allowing this form of career flexibility. This is a fairly stable figure compared with 2002, at which point 40 per cent of employers provided career breaks (CEPS, 2002). Where available, the benefits of career breaks are not preserved for a privileged few on the whole. Instead, in 29 per cent of workplaces career breaks are offered to all staff, while in eight per cent of workplaces career breaks are provided for just some members of staff.

The FOWTEP survey showed that sabbaticals are not restricted to the education sector, with one fifth of all employers providing breaks of this type. Industries most likely to offer paid sabbaticals include the retail, wholesale and hospitality sector (24 per cent), finance and other business services (21 per cent) and education, health and other public services (21 per cent).

Plans to introduce career breaks are, however, rare with just 2 per cent of those who do not currently run such a scheme planning to do so over the next year. Similarly, just 1 per cent plan to introduce paid sabbaticals. Thus it would appear that progress in this area is slowing down.

Of the 431 employers that allowed either sabbaticals or career breaks, half (55 per cent) provided opportunities for career breaks alone, one in seven (14 per cent) for sabbaticals alone and the final third (31 per cent) ran both schemes.

Table 5.1   Provisions for career flexibility

	Per cent:	
	Career breaks:	**Paid sabbaticals:**
Available to all	29	14
Available to some	8	6
Plan to introduce	2	1
Plan to extend to all	11	5

Base: *915*

Source: FOWTEP, 2006.

Significant differences in the provision of policies designed to promote career flexibility were evident among different types of establishment. Figure 5.1 shows the relevance of firm size, industrial sector, union recognition and whether public or private sector. Workplaces in the public sector with union recognition are the most likely to provide career breaks for some or all members of staff. In terms of industrial sector, at the extremes, just one quarter of manufacturing and construction establishments (24 per cent) offer career breaks, compared with half (46 per cent) the education, health and other public services workplaces. Large establishments also exhibit a higher incidence of career break provision. Career breaks were available in 36 per cent of the smallest establishments (employing 5-49 staff) and 45 per cent of the largest (employing 200 or more staff). To some extent, however, the ten percentage point difference in provision between the large and smaller establishments is surprisingly small. Dex and Scheibl (2001) note that costs are too

great and staff cover too complicated for career break schemes to be a viable proposition for small organisations which also tend not to have administrative systems in place to support such initiatives. Yet the one third of small establishments providing career breaks is not entirely consistent with this interpretation - although findings throughout this report do support the general premise that larger workplaces offer a greater variety of flexible options due to their greater command of resources, but also possibly due in part to their more widespread incidence of a range of staff-related problems, discussed below in Chapter 9.

Figure 5.1 Characteristics of workplaces which provide career-break opportunities

Category	% providing career breaks
ALL	37
Agriculture, mining & utilities	34
Manufacturing & construction	23
Retail, wholesale & hospitality	41
Transport, storage & communication	38
Finance & other business	32
Education, health & other public	46
Unions absent	33
Unions present	52
Public sector	54
Private sector	34
Size 200 or more	47
Size 50-199	42
Size 5-49	35

☐ % providing career breaks

Source: FOWTEP, 2006.

5.3   Summary

• Just over one third of employers provide career break schemes.

• In three-quarters of workplaces with career break provision all staff were eligible.

• There are few signs of growth, however, in the availability of career breaks.

• Career breaks are most prevalent in the public sector, in retail, wholesale and hospitality and in large workplaces.

- One fifth of employers provide paid sabbaticals and in 69 per cent of cases all staff are eligible.

6.   OTHER CHANGES AND COMBINATIONS OF POLICIES

6.1   Introduction

The key issues covered during the employer interviews were chosen to reflect changes in work organisation which have been charted over the last decade by academics, government departments, campaigning organisations and other policy makers. In order to ensure that no important changes on the horizon had been omitted, employers were invited to comment on whether any other changes relating to staff working arrangements had been introduced in the previous three years that had not been discussed during the interview thus far. In addition to 'other' changes, this chapter also looks at the overall strategy that employers deploy in relation to flexible working. Pulling together evidence from previous chapters, section 6.3 investigates the extent to which contractual flexibility (which allows transitions between full-time and part-time work), hours flexibility, career flexibility and spatial flexibility are used in tandem. In other words, it examines how much choice employees are faced with when planning and organising their working lives. Do employers integrate the various schemes into a full package of measures?

6.2   FOWTEP survey evidence

A very diverse set of changes were mentioned by employers, but no strong themes emerged from the findings and no cluster of responses affected more than two per cent of employers. It can therefore be fairly confidently concluded that the main interview schedule did not ignore any widespread key practices that are emerging.

A list of changes mentioned by employers is shown in Table 6.1 (if ten or more employers mentioned such a change).

Table 6.1   Other changes introduced over the past three years

	Per cent:
Family friendly policies	2
More/better training	2
Changed hours	2
More/better holiday entitlements	1
Reduced hours	1
Base:	*841*

Source: FOWTEP, 2006.

These changes range from the introduction of improved family-friendly terms and conditions (such as childcare facilities or maternity/paternity rights and benefits following recent legislative change) to modifications in pay, holiday, training, pension or shift working schemes. None of these changes, with the exception of the one per cent of employers who had introduced a new rota/shift system, represent new forms of work organisation.

6.3   Policy strategies

To what extent do employers combine the various types of flexibility as part of an overall HR strategy designed to boost a range of performance indicators whether operational or staff-related? Overall, eight policies relating to flexible working were targeted for investigation; these are discussed in Chapters 2 to 5. These included:

- The ability to move between full-time and part-time work and vice versa.
- Flexitime.
- Job-sharing.
- Term-time working.
- Annualised hours.
- Career breaks.
- Paid sabbaticals.
- Homeworking.

Do employers take an all or nothing approach? Are these policies typically introduced in unison, reflecting a holistic strategy toward HR management, or on a more 'pick 'n' mix' basis? Figure 6.1 suggests that employers largely approach these measures in an ad hoc manner using just a few as deemed appropriate for current circumstances.

Figure 6.1 shows that the average number of flexible policies per establishment was four. Very few employers (6 per cent) had no policies relating to flexible working arrangements. A quarter (26 per cent) had implemented one or two flexible measures and a third (34 per cent) had implemented three or four policies. One third (33 per cent) of employers had taken a more 'complete' approach to flexibility having introduced between five and eight of the policy options; 6 per cent had offered at least seven, but just 1 per cent had implemented a fully comprehensive programme of flexibility by offering all eight schemes. There is considerable variance therefore in the approach employers take to flexible working packages, ranging from the minimalist to the comprehensive.

Figure 6.1 Proportion of employers with between 0 and 8 flexible working provisions

Percentage of employers with number of arrangements in place
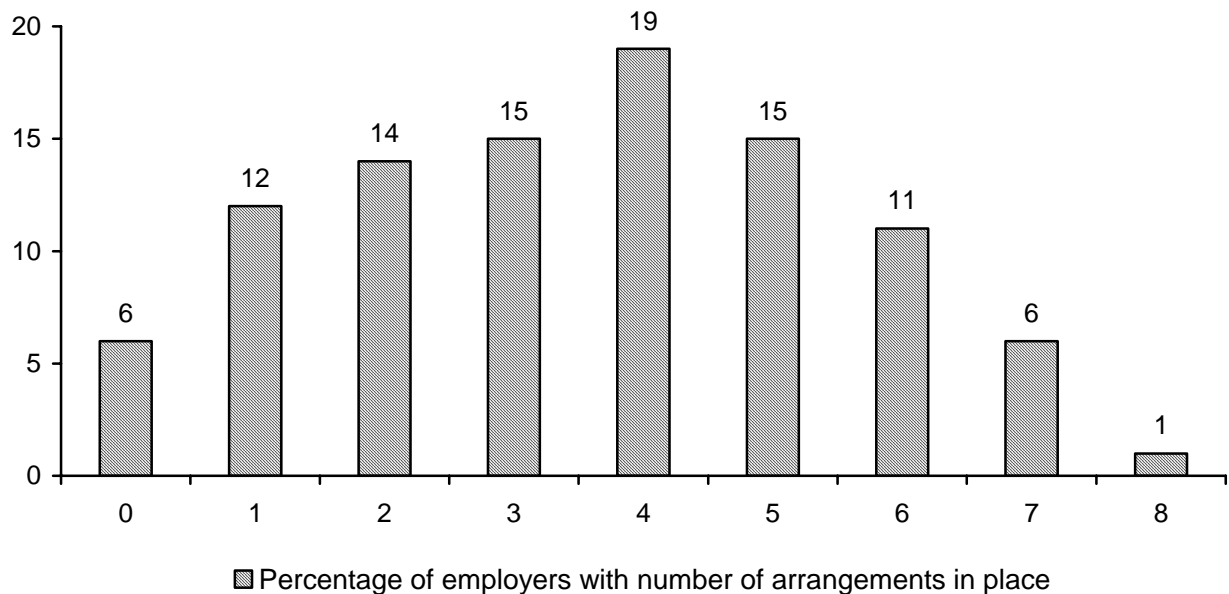
Source: FOWTEP, 2006.

Do particular types of establishment deploy a more complete range of flexible working arrangements? Public sector workplaces, education, health and other public services industries and establishments with 200 or more staff tended to have an average of five (Table 6.2). By contrast, private sector establishments, small employers with under 50 staff and workplaces in manufacturing and construction, agriculture, mining and utilities, transport, storage and communication and finance and other business service industries all had an average of just three flexible employment options.

In organisations with a workforce which was 0-10 per cent female, an average of two flexible options were provided; in organisations where women made up 11-25 per cent of the workforce, three flexible arrangements were typical; and this rose to four arrangements where the proportion of women was higher. A bigger difference can be observed if the focus shifts to employers that provide either none, or just one flexible arrangement. 44 per cent of employers where women made up 0-10 per cent of the workforce, 25 per cent of employers where their share of the workforce was 11-25 per cent and 16 per cent of employers where more than a quarter of the workforce was female, had either no schemes in place or only one of them. A wider range of provisions are therefore associated with workplaces with a significant female presence. This finding has significant implications in terms of gender equality and efforts to provide men with the facilities necessary to combine paid employment with

non-work roles such as contributing to childcare requirements. It also has implications for women seeking to make careers in male-dominated sectors.

Table 6.2 Average number of flexible working arrangements by type of employer

	Number
All	**4**
Public sector	5
Private sector	3
% of staff using computerised equipment: 50-100%	4
% of staff using computerised equipment: 0- 49%	3
Education, health & other public services	5
Retail, wholesale & hospitality	4
Manufacturing & construction	3
Agriculture, mining & utilities	3
Transport, storage & communication	3
Finance & other business services	3
Size: 200+	5
Size: 50-199	4
Size: 5-49	3
% of workforce women: 26-100%	4
% of workforce women: 11-25%	3
% of workforce women: 0-10%	2
Base:	*915*

Source: FOWTEP, 2006.

One of the strongest findings to emerge from analyses so far is the importance of establishment sector in predicting whether an employer has implemented a range of flexible working practices. Public sector establishments consistently appear to be better employers insofar as their staff benefit from more choice of flexible working schemes. Restricting analyses to the private sector alone, which characteristics are

associated with 'good' employers?[10] For the purposes of assessing the private sector, employers are defined as 'inflexible', 'average' or 'flexible'. Inflexible employers do not provide any flexible opportunities or just one scheme, flexible employers offer 5-8 schemes and the remainder are classified as 'average'.

Table 6.3 shows the characteristics of flexible, inflexible and average employers.

Table 6.3 Characteristics associated with flexible employment provisions in the private sector

	Row percentages:		
	Inflexible	**Average**	**Flexible**
ALL	**22**	**49**	**29**
Unionised	19	42	39
Non-unionised	26	52	22
Women: 0-25% of workforce	36	49	14
Women: 26+ % of workforce	19	53	28
Agriculture, mining & utilities	33	44	23
Manufacturing & construction	30	54	16
Retail, wholesale & hospitality	24	47	29
Transport, storage & communication	20	64	16
Finance & other business services	26	52	22
Education, health & other public services	8	58	34
Part-time staff: 0	40	46	14
Part-time staff: 1-25% of workforce	24	52	23
Part-time staff: 26-50% of workforce	15	51	34
Part-time staff: 51-100% of workforce	14	56	30
Size: 5-49	26	51	23
Size: 50-199	13	55	32
Size: 200 or more	10	44	46
Base:		*717*	

Source: FOWTEP, 2006.

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[10] The sample is too small to permit separate analysis of large private employers.

Table 6.3 shows that size of employer is critical: 23 per cent of businesses with 5-49 staff were 'flexible', compared with 32 per cent of businesses with 50-199 employees and 46 per cent of businesses with 200 plus staff.

Employers in manufacturing and construction or in agriculture, mining and utilities are the most likely to be 'inflexible' employers with 30 and 33 per cent respectively falling into this category compared with 22 per cent on average. At the other extreme, employers in education, health and other public services are the most likely to be 'flexible', with 34 per cent falling into this category, compared with 29 per cent overall.

Union presence in the private sector is also an important determinant of flexible working provisions. 39 per cent of unionised businesses were flexible, compared with 22 per cent of their non-unionised counterparts.

Where women are in a minority, employers are less likely to be flexible. If women comprised less than one quarter of the workforce, 14 per cent of establishments were flexible. In comparison, where 26-100 per cent of the workforce was female, 28 per cent of establishments were flexible. Associated with this finding, whether an establishment has any part-time employees is also significant in determining whether an employer is 'flexible' or not. The largest proportion of inflexible employers are to be found among those that do not have any part-time employees (40 per cent).

Overall the profile of 'good' private sector employers is not dissimilar to the profile of all, public and private sector, employers. Unionisation, feminisation, industry and size are all consistently important determinants of the degree of flexibility made available by employers.

6.4 Summary

- Employers did not point to any new ways of working that had been introduced in the recent past that had not already been covered during the interview.

- Considerable variance in the approach taken toward flexible working strategies was evident.

- Six per cent of employers provided no flexibility. At the other extreme, 1 per cent provided all eight measures, while 6 per cent of employers provided at least seven measures.

- A quarter of establishments had implemented one or two of the schemes and one third of establishments had five to eight policy options.

- The typical employer had four provisions in place.

- Large unionised employers, organisations with at least 25 per cent of their workforce female and public sector establishments all tended to provide an above average number of flexible opportunities.

- Manufacturing and construction and agriculture, mining and utilities industries tended to provide the fewest opportunities for flexible working, whether in terms of career, time or space.

7. EMPLOYERS' MOTIVATIONS FOR POLICY CHOICES

7.1 Introduction

To gain a better understanding of why some organisations implement a wide range of policies that promote flexibility in working arrangements, while others follow a more traditional path in people management, all employers were asked why they used various flexible initiatives. A variety of pressures prompting change have been outlined in previous research including legislation, HR concerns, union demands, and competitor benchmarking (Dex and Scheibl, 2001). Where no such initiatives had been introduced, employers were asked why they did not provide such opportunities for their staff. In addition, employers were invited to comment on what they perceived as the current pressures driving recent or planned changes in their establishments. Finally, employers were also asked to reflect on the future and consider what changes British businesses would be likely to need to make over the next five years. The interviews focussed specifically on the sort of changes that might arise in relation to the way work is organised and the manner in which staff might be recruited.

7.2 Provision of flexible working arrangements

Survey evidence

As Table 7.1 shows, employers cited a range of reasons why they provided staff with flexible working opportunities.

The most widespread reason given was altruistic in tone, focusing on the benefits to staff, with one third (37 per cent) saying that flexible working opportunities were implemented to accommodate the family life of their employees. More overtly instrumental reasons were also cited, however, including the improvement of client services (14 per cent) or in response to customer demand (6 per cent).

The business case for introducing greater flexibility in the organisation of work typically revolves around staff related issues such as recruitment, retention, productivity or staff morale (often associated with superior loyalty, performance and/or productivity). One fifth of employers asserted that job satisfaction /staff morale was a key motivator for the use of flexibility in the workplace. One fifth also referred to flexible working as being an important strategy for staff retention and one in ten claimed that such arrangements improved staff loyalty. Far fewer employers associated flexible working with improved productivity (4 per cent). In addition, only a small minority of employers perceived the provision of flexible opportunities as a means of promoting diversity (5 per cent). This is a similar finding to that reported in Harris and Foster (2005). Their study of small service sector businesses was designed in part to assess the extent to which flexible working incentives were used

to attract and retain employees. They found that flexible work arrangements were indeed recognised as a means of promoting commitment and staff retention, but were rarely part of 'an explicit, pro-active recruitment or employee commitment strategy' (Harris and Foster, 2005: 9).

Table 7.1   Reasons given for providing staff with flexible working opportunities

	Per cent:
To work around family life of staff / to benefit employees	37
To improve job satisfaction or morale	19
To retain staff	19
To improve client service - for business reasons	14
To improve staff loyalty	10
Demand from staff	7
To meet customer demand	6
To attract a wider range of staff	5
To give people 'quiet time' away from the office	4
To improve productivity	4
Base: All businesses which provide some form of flexible working arrangement	*841*

Notes: Reason categories are included in the table if mentioned by at least 20 employers.

Source: FOWTEP, 2006.

Despite the majority of FOWTEP 06 companies under investigation experiencing recruitment difficulties, they rarely perceived an association between flexible work and recruitment, although they did more often acknowledge the link with retention.

The second WLB survey (Woodland et al, 2003) found that the majority of employers who provided work-life balance practices reported that they had a positive impact on employee relations (71 per cent), employee commitment and motivation (69 per cent) and labour turnover (54 per cent). Nearly half stated that these practices had a positive effect upon recruitment (47%), absenteeism (48%) and productivity (49%).

Interestingly, only four employers from the FOWTEP 06 survey said that flexible arrangements were used to prevent absenteeism. Yet this is a problem which has been increasing and for which new solutions are being sought. In 1998, an average of 8.5 sick days per year per employee were taken, a figure that rose to 10 days by 2002 (Work Foundation, 2002). The most common reasons given for absence are

colds, stomach aches, back pain and stress - interpreted by managers as attempts to prolong weekends, a reflection of low morale and childcare problems (Work Foundation, 2002). Insofar as managers are correct in their assessment of the 'real reasons', there is plenty of scope for tackling such absences by means of flexible hours, working from home opportunities and compressed working weeks. In the longer term, such an approach may be more effective than solutions which focus on disincentives such as return to work interviews and financial penalties. However, just as in the second WLB survey, the employers interviewed for the current study do not appear to perceive flexible working as being a component of a broader strategy to combat absences, despite this being a fairly widespread problem with which employers grapple.

Motivations for introducing flexibility differed little by establishment size with three exceptions. There were significant differences according to size in the probability of an employer reporting that 'job satisfaction', 'staff retention' and 'productivity' were key concerns when deciding to implement flexible working arrangements:

- Job satisfaction concerns were expressed by 19%, 20% and 35% of establishments sized 5-49, 50-199 and 200+ respectively.

- Staff retention concerns were expressed by 18%, 25% and 33% of establishments sized 5-49, 50-199 and 200+ respectively.

- Productivity concerns were expressed by 3%, 5% and 10% of establishments sized 5-49, 50-199 and 200+ respectively.

To some extent, 'family life of staff' and 'morale' can be combined to form a single motivation of 'keeping staff happy' - a need which may well be of greater concern to larger establishments. Evidence from the companion study, (Holmes et al, 2007), highlights that many individuals prefer to work in smaller workplaces as they feel less like a small cog in a large machine, have more opportunities to express themselves and voice ideas and can earn greater recognition for their efforts. Indeed, unpublished analyses of the Working in Britain 2000 survey reveal that employees in establishments with fewer than 50 staff are somewhat more likely to express satisfaction with their jobs overall (49 per cent, compared with 42 per cent of workplaces employing over 50 staff). Further evidence that employees in smaller workplaces tend to be more content than those in large establishments is available from the WERS 2004 survey. Forth et al (2006: 41) report that staff in smaller firms are less likely to feel tense, worried or uneasy. As a consequence, it is not surprising to observe that large employers are more likely to introduce flexible opportunities simply in order to keep their staff happy; this in turn is likely to engender a range of

pay-offs for the establishment in the longer term. Productivity was also cited as a consideration more often among larger workplaces.

Table 7.2 conflates the reasons presented in Table 7.1 to produce four key motivations for introducing flexible working arrangements. The first, and most common motivation mentioned by 41 per cent of employers relates to staffing concerns including morale, retention and recruitment issues. The second, cited by one third of employers (37 per cent), explicitly seeks to promote work-life balance by allowing staff to work around the needs of their family. The third reason focuses on the need to provide high quality goods and services and thereby satisfy customers/clients - cited by one fifth (20 per cent) of employers. A minority of just under one in ten (8 per cent) of employers gave the fourth reason for using flexible working arrangements which is to improve productivity, a reason which includes allowing staff to work from home because it is more quiet than the office/plant/factory. Essentially, therefore, the motivations of employers can largely be reduced to bottom line considerations. Employers want happy staff and happy customers and wish to improve productivity - all to improve profits (unless they have a public service ethos in which case quality of service or budget efficiency will be the main objective).

Table 7.2 Reasons given for providing staff with flexible working opportunities - reduced categories

	Per cent:
To improve morale/staff retention/recruitment	41
To work around family life of staff/to benefit employees	37
To improve service to clients/customers	20
To improve productivity	8
Base: All businesses who provide some form of flexible working arrangement.	*841*

Notes:	Reason categories are included in the table if mentioned by at least 20 employers.
Source:	FOWTEP, 2006.

Scoping stage evidence

During the scoping stage of the study, several employers were interviewed at length to determine their perceptions of the benefits of using flexible working arrangements. The mangers interviewed were not able to *quantify* any general business or productivity improvements, but most were categorical that by offering their staff greater flexibility in working hours, or other such arrangements, morale was improved. A number of the employers carried out internal staff surveys which

indicated high levels of satisfaction with the employing organisation. Their comments included that:

> *… part of my team are able to work flexibly and we know that that correlates with higher employer engagement, we measure that through our employer engagement survey that is done annually with our employees.*
> (manager 1)

> *… workers do have personal issues that need to be attended to… if you negotiate with that employee, you usually find that morale is a lot higher and they will do that bit more for the company and put that bit more into the company. So yes, I do think that is boosts morale which can only boost profitability.*
> (manager 4)

> *… positive feedback from employees in terms of working for the firm. A percentage of employees were re-hired, a percentage of maternity returnees.*
> (manager 7)

Increased flexibility remains a business goal for most of the employers interviewed and indeed assumes a fairly high priority among other business aims. For some of the employers, such a strategy is entirely associated with boosting productivity and profits and, to this end, remains a goal only insofar as operational improvements can be demonstrated. These operational requirements, such as speed of response to client needs, for example, are treated as distinct from the benefits which are associated with improvements in staff morale. Their comments included that:

> *I would say the flexible working and utilisation comes out of a drive for a more efficient business.*
> (manager 3)

> *We would try and estimate the effect on customer satisfaction, error rates, or productivity and then prioritise in those terms…. So if we believed that by moving flexibly we could double productivity, it would have a very high priority. If you believe that flexibility on its own would not increase productivity, we wouldn't push it.*
> (manager 6)

For other businesses, staff satisfaction is a direct goal and flexibility is therefore introduced and developed as:

> *… a key enabler to drive employee commitment and performance and also retention.*
> *(manager 1)*

It's quite a high priority because we want the staff to be happy, so as compared to others it is a high priority, because anything to do with staff [has] a high priority anyway.
(manager 4)

Although few employers explicitly linked flexibility with a solution to absenteeism, the prevalent recognition that flexible options promote staff contentment includes an implicit assumption that happy staff will be more committed to the organisation, perform better and take fewer days off.

7.3   Objections to flexibility

Scoping stage evidence

The work-life balance agenda was not, however, without critics. For example, two of the original seven HR directors interviewed at the scoping stage, complained that many WLB policies promote forms of flexibility which suit staff, without giving adequate consideration to the type of flexibility in hours needed by employers. Their comments included that:

… at the moment it tends to be a one way street, people are asking to work more flexibly and I think that what is required is more of a dialogue.
(manager 3)

They (customers) want to be there until eight o'clock at night when there is late night shopping and our staff have worked that pattern (nine to five) for many years (and) have resisted change.
(manager 6)

Harris and Foster (2005), on the basis of case studies in small service sector businesses, similarly found that many employers felt that WLB legislation had swung too far in favour of employees, without sufficient regard being paid to the impact on employers who struggled, for example, to find cover for staff on extended periods of leave.

FOWTEP survey evidence

It was evident from Chapter 3 that somewhat over one third of employers (39 per cent) did not offer flexitime to any of their employees. Employers less likely than average to offer flexitime included those in the private sector, the small in size (less than 50 staff), low technology workplaces and establishments with a workforce of less than 11 per cent women.

Employers with no flexitime provision were asked specifically why they did not provide flexitime opportunities given their popularity among staff as a means of

achieving some flexibility without forfeiting earnings. Six key reasons can be identified; these are listed in Table 7.2.

Nearly half the employers (42 per cent) suggested that they needed to rely on their staff to be at work at specific times. Frontline customer service industries are particularly likely to impose tight time restrictions on workplace arrival and departure. Employers who were particularly likely to require a rigid hours system were located in retail, wholesale and hospitality, in transport, storage and communication and in education, health and other public services with 49 per cent, 58 per cent and 64 per cent respectively stating that they did not allow flexitime because they needed staff cover at very specific times. Small establishments were also more likely than large to cite the need for staff on site at known times as a reason for avoiding flexitime - 43 per cent of workplaces employing 5-49 staff, compared with 24 per cent of workplaces employing over 200 staff.

Table 7.3   Reasons given by employers for not allowing flexitime

	Per cent:
Need staff on site at known hours	42
Incompatible with business operations	25
Incompatible with shift system	25
Incompatible with customer needs	9
Business too small to accommodate	8
Incompatible with team working	6
Base: All businesses which do not provide flexitime.	*311*

Notes: Reason categories are included in the table if mentioned by at least 20 employers.
Source: FOWTEP, 2006.

A further two reasons cited widely were that flexitime hours would be incompatible with business operations (25 per cent of employers) or would compromise a shift system in place (25 per cent of employers). Employers in the manufacturing and construction sector were most likely to suggest that business operation requirements prevented the use of flexitime systems (40 per cent). Employers open 24 hours a day were most likely to state that shift systems precluded the use of flexitime schemes (52 per cent). No further significant differences between employers existed in the reasons given for non-use of flexitime hours.

Less commonly, customer needs are said to prevent a workable flexitime system, mentioned by 9 per cent of employers. Small workplaces with too few staff to cover opening hours or machine running times for example also represent an obstacle to

flexitime - eight per cent of surveyed employers stated that their workplace was too small to accommodate this degree of flexibility. Team working is often advocated as a means of introducing flexibility - specifically functional flexibility whereby employees become skilled and experienced performing a wider range of tasks and roles. Six per cent of employers however cite team working as an obstacle to flexibility of hours. In these cases, it is possible that to work effectively, the team must all work exactly the same hours, starting and ending in unison - for example, in a team based production line process.

Overall, the majority of employers do have flexitime provisions - usually for reasons associated with staff satisfaction / morale and to provide staff with the means to combine work and non-work responsibilities. Where flexitime is denied, business systems and operational difficulties tend to represent the main obstacles to implementation.

Where no flexible working arrangements were provided among the second WLB survey respondents, 69 per cent of employers suggested they were not compatible with the nature of their business and 24 per cent stated there was no demand for such working practices (Woodland et al, 2003). In 2006, as noted earlier, only 25 per cent stated that flexitime was incompatible with their business operations, while only a small minority of employers (3 per cent) suggested that there was no demand for flexitime.[11]

7.4   Recruitment techniques

From section 7.1, it appeared that employers did not, on the whole, make an explicit link between flexible working arrangements and recruitment (with only five per cent using flexibility for recruitment purposes) - a finding that is reproduced in other studies (Harris and Foster, 2005). Employers do not, therefore, appear explicitly to deploy employment terms such as flexitime or career breaks, for example, as a recruitment incentive. Yet in section 9.3 below, two-thirds of employers raised competition in the recruitment of staff as one of the key pressures behind recent or planned change in their establishments.

In order to investigate this issue a little more closely, employers were asked what sort of information they included in their recruitment literature or adverts to attract staff. Despite primarily focussing on the benefits to morale and customer service and

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[11]   The WLB and FOWTEP surveys differ in approach to this question. The WLB survey asks why no flexible arrangements, including flexitime, job-share and so on, are not available, whereas FOWTEP only enquires about the non-availability of flexitime. This could account for some of the differences in responses between the two surveys.

emphasising staff retention as the key motives for introducing flexible working arrangements, employers do, nevertheless, fairly widely draw attention to flexible working opportunities as a component of incentives in their recruitment drives.

Table 7.3 shows that job adverts are more likely to carry information about holiday entitlements and career opportunities than other benefits such as temporal, spatial or career flexibility. Nearly half (47 per cent) of employers do, however, make a direct reference to flexible working arrangements as part of a package of information designed to inform and attract potential recruits. This is a lower proportion of employers, however, than the 92 per cent who actually do provide flexible arrangements of one sort or another.

Over one third (37 per cent) of employers offer career breaks as a benefit to staff, yet less than one fifth (17 per cent) provide information about this potential incentive when advertising jobs. Perhaps details about leaving work for a lengthy period of time are not felt appropriate before a candidate has even begun the job!

Table 7.4   Information included in recruitment literature and adverts

	Per cent:	
	For all staff	**For some staff only**
Holiday entitlements	55	2
Career opportunities	44	4
Flexible hours or working arrangements	42	5
Provision of employment breaks (e.g. career breaks, sabbaticals)	16	1
Base:	*915*	

Source: FOWTEP, 2006.

Overall, despite recruitment being widely recognised as a business difficulty, where the benefits of flexible working were available, they were not always exploited as a means to secure access to a diverse pool of potential talent. Yet recent research for the EOC (Speed, 2007) has shown that as many as three out of five students think that flexible hours are important or very important when searching for their career jobs.

7.5   Summary
- The most common reasons for introducing flexible working arrangements were to accommodate the family life of staff (37%), to improve staff morale (19%), to

optimise staff retention (19%) and, related to the last reason, to improve staff loyalty (10%).

- A further one in seven employers used flexibility to improve the service offered to customers and clients.

- During the depth interviews, a number of employers also spoke of flexibility in terms of enhanced efficiency, productivity or performance.

- Employers did not tend explicitly to associate the provision of flexible work with recruitment potential, nor was flexibility often associated in the survey with a drive for greater productivity or as a means of preventing absenteeism.

- Although, in practice, most employers provide at least some choice regarding flexible working opportunities, a number also objected that the WLB agenda and government legislation had swung too far in favour of employee rights and benefits. In these instances, it was felt that there was a lack of care or understanding about the difficulties that employers face in reconciling legal regulations, employee needs and bottom line business considerations.

- The main reasons for not providing flexitime opportunities, cited by nearly half the employers, were the need for specific hours to be adequately covered. This especially applied in the retail, wholesale and hospitality, transport, storage and communication and education, health and other public services sectors and in small workplaces.

- Less clearly defined reasons were also cited for not allowing flexitime in one quarter of workplaces such as 'business operation requirements'. A further one quarter of employers also stated that flexitime would be incompatible with their shift system.

- Despite not referring to recruitment issues as a key motive for introducing flexible working arrangements, around half the employers do nevertheless refer to flexible opportunities in their recruitment drives.

8.   ORGANISATIONAL CHANGE AND WORK INTENSIFICATION

8.1   Introduction

In this chapter, two further changes in the way that work is organised and controlled are explored - team working and performance related pay (PRP). The chapter also assesses whether, and the extent to which, employees are working harder in the current economic climate of global competition and more demanding customer expectations.

Despite the more widespread implementation of flexible working regimes and work-life balance policies which accommodate multiple roles or activities (including childcare, caring responsibilities for older people, skill maintenance etc), long hours and excessive workloads still represent significant barriers to change. The DTI study of flexible working in the IT industry (Flexecutive, 2004) reported an entrenched culture of presenteeism. Half the respondents interviewed expressed dismay at missing their children's development; over half found it hard to leave the office on time; half agreed that they were not as involved in family life as they would like; and two-thirds regularly worked up to ten hours a day to meet job demands. On the other hand, research suggests that since the introduction of the Working Time Directive (WTD), the proportion of full-time employees working long weekly hours (in excess of 48) has declined by one fifth (Fitzner, 2006).

In this chapter, long hours are not investigated, but the extent to which employees are working harder is considered alongside an assessment of whether the growth of team working and PRP is associated with an intensification of work. The chapter also investigates whether flexible arrangements co-exist with team working, PRP and work intensification, or whether the trend towards greater use of teams and financial performance incentives present obstacles to flexibility.

8.2   Team working, performance related pay and flexibility of hours

In the quest to maximise effort, motivation and productivity among employees, many organisations have adopted a 'high-performance' work strategy. The high-performance approach tends to be associated in the literature with team working, employee discretion, autonomy, upskilling and functional flexibility (characterised by an erosion of strict lines of demarcation between work tasks and job roles). It also has a strong emphasis on two-way communication (Capelli and Neumark, 2001; Godard, 2004). High-performance systems are regarded as a win-win scenario by advocates who perceive benefits for employers and employees. An assessment of the growth, benefits and limitations of high-performance working was beyond the scope of the current study, which is confined instead to a consideration of just two

methods recognised as controlling performance: team working and performance related pay. Beyond these, it is not known what forms of control are used in the workplace and whether tight managerial control or looser more autonomous practices are favoured.

Although often described as conferring greater autonomy and job satisfaction, teams are not necessarily benign and may not lead to empowerment, but instead to 'work intensification and more insidious forms of control, e.g. peer surveillance' (Lloyd and Payne, 2006: 158). By contrast, results from the CEPS 2002 survey, reported in White et al (2004), suggest that the recent growth in team working has been associated with greater variety of work, job rotation, devolved responsibility and, to support these changes, more training and improved communication between staff and management. In practice, both perspectives often co-exist. Broader skill development and an expansion of task responsibility may be introduced alongside tighter supervision, technology based monitoring and/or incentive payment systems (White et al, 2004; Gallie et al, 1998). Whether the introduction of team working results in heightened workloads and staff resentment may also depend, however, on associated changes in working time arrangements. A study by Bacon et al (2005) found that where a change toward team working was accompanied by a 12 hour 5 shift system, employees were far more satisfied with their new arrangements than staff who moved to an 8 hour 5 shift system. In the former instance, the longer hours produced a compressed working week giving staff more non-work days.

PRP can also be regarded as a double edged sword. On the one hand, PRP is typically used as an incentive to garner greater discretionary effort, but this can lead to heightened levels of stress, work strain and negative job-home spillover (Ramsay et al, 2000; Gallie et al, 1998; White et al, 2003). On the other hand, a study by theWork Foundation (2005) observed that small businesses in particular face significant recruitment challenges but:

> *… this is not due to poor basic pay or inadequate flexible working arrangements [instead] performance-related pay and the linking of pay to effort and productivity has a strong influence on a potential employee's decision to join a business.*

From this perspective, rather then being an added source of stress and control, PRP is interpreted as a *welcome* incentive to work hard and have efforts recognised and rewarded.

In 2002, one quarter (26 per cent) of businesses surveyed had increased, in the previous three years, their use of team working. One fifth had increased the use of

group performance related pay while a little over one third (37 per cent) had increased the use of individual performance related pay. These figures represent a significant degree of growth in new ways of working associated with efforts to boost productivity, output or effort. The growth in team working and PRP show no signs of waning since 2002 (Table 8.1). In 2006, one third (33 per cent) of establishments had increased their use of team working, around half had made no change and in just eight per cent of establishments were no teams used. In terms of performance related pay, one quarter (22 per cent) had increased its use, 40 per cent introduced no change and one third of employers (33 per cent) did not use PRP.

In addition to team working and PRP, employers were also asked whether, over the previous three years, they had increased flexibility in terms of the hours their staff worked. One third (35 per cent) of establishments had done so, a half had made no change and flexibility had decreased in only two per cent of establishments.

Table 8.1   Change in the use of team working and performance related pay

	Row percentages:				
	Increased	**Decreased**	**No change**	**Do not use**	**DK**
Team working	33	1	56	8	2
Performance related pay	22	2	40	33	3
Flexibility of hours	35	2	56	5	3
Base:			*915*		

Source: FOWTEP, 2006.

Table 8.2 shows which employers were most likely to have increased their use of hours-flexibility, team working and PRP. In each instance, larger employers with a workforce of at least 50 are more likely than average to have embarked on a policy of expansion. In terms of industry, employers in education, health and other public services were most likely to have increased flexibility in hours and team working. Employers in the transport, storage and communication industry were most likely to have increased their use of PRP. In all three cases, unionised establishments were more likely than non-unionised ones to have increased usage.

Table 8.2 Characteristics of employers who have increased their use of hours flexibility, team working or PRP over the previous three years

	% of employers who have increased flexibility of hours	% of employers who have increased team working	% of employers who have increased PRP
All	**35**	**33**	**22**
Agriculture, mining & utilities	30	27	18
Manufacturing & construction	31	35	22
Retail, wholesale & hospitality	29	30	20
Transport, storage & communication	29	34	32
Finance & other business services	38	28	25
Education, health & other public services	48	47	21
Unionised	41	44	29
Non-unionised	34	30	21
Size: 5-49	33	33	22
Size: 50-199	44	36	27
Size: 200+	60	42	33
Base:	*361*	*322*	*226*

Source: FOWTEP, 2006.

Many employers appear to be instigating multiple changes. In establishments which have introduced greater flexibility in hours, 54 per cent have also increased team work and 31 per cent have increased PRP. By contrast, among establishments with no change in flexibility, only 21 per cent have increased team work and only 18 per cent have increased their use of PRP. Similarly, whereas 15 per cent of employers with no change in the incidence of team working have increased or introduced the use of PRP, this figure rises to 37 per cent of employers who have increased their use of team working.

8.3   Work intensification

Hirsch (2005: 14) notes the changing characteristics of Incapacity Benefit (IB) claimants who are increasingly likely to be women and to be from white-collar public

sector jobs. These developments in work-related health problems are stress related, arising, he claims, from an intensification of work, long hours and, crucially, a loss of control. Call centres exemplify stressful working environments where technology is applied to allow the close supervision of the content, pace and duration of work.

Table 8.3 shows very clearly that large proportions of staff are working harder, i.e. doing more work within the same number of hours, in 2006 compared with three years previously. This intensification of work is particularly acute among managerial and professional staff with over two-thirds of workplaces (69 per cent) stating clearly that these categories of employee are carrying out more work now. In addition, two-fifths of the establishments surveyed (43 per cent) claimed that their non-managerial/professional staff were also exposed to a more punishing work regime.

Table 8.3   Change in the extent of work intensity

| | Row percentages: | | | |
	Increased	**Decreased**	**No change**	**DK**
Managers/professionals	69	2	25	4
Other staff	43	7	47	3
Base*:		915		

Source: FOWTEP, 2006.

The intensification of work among managers and professionals applies fairly uniformly across all workplace types. Figure 8.1 highlights where differences prevail according to establishment status, industrial sector, unionisation and the proportion of women employed in the workplace. The public sector appears to have been the worst affected by pressures to carry out more work in the same period of time compared with three years ago. Compared with an average of two-thirds of establishments (69 per cent) where managers and professionals were working harder, in the public sector, three-quarters of workplaces (79 per cent) were affected. At an aggregate level, it would also appear that women were being pushed harder. There is a linear trend associated with the proportion of women in the establishment and work intensification - the higher the proportion of women, the more likely the workplace was working their managers/professionals harder, reaching just over three-quarters (77 per cent) of workplaces comprised of at least three-quarters women. Union recognition does not appear to afford protection with 67 percent of workplaces that do not recognise a union working harder, compared with 75 per cent of those that do recognise trade unions.

Figure 8.1 Characteristics of workplaces where managers and professionals are working more intensively now compared with three years ago
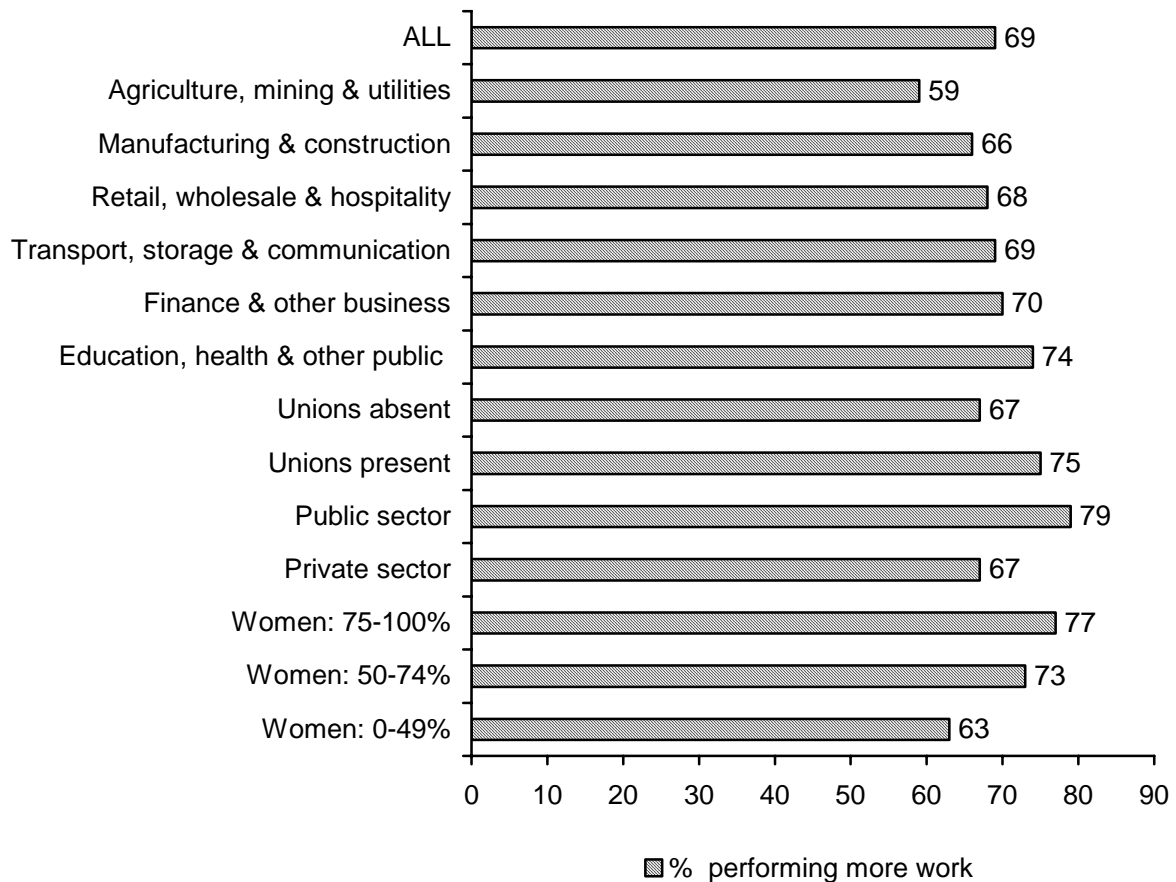
Figure 8.2 focuses on workplaces where non-managers/professionals have been pushed to work more intensively. A more pressured working environment is associated with larger establishments, the public sector and education, health and other public services industries, all of which are characterised by a higher proportion of union representation. The final key difference related to the proportion of women in the workplace. Where women composed only half or fewer of the workforce, around one third (36 per cent) of workplaces were pushing their non-managerial/professional staff harder - this compares with around half (46 per cent) the workplaces where half or more of the workforce were women.

Figure 8.2 Characteristics of workplaces where non-managers/professionals are working more intensively now compared with three years ago

	% performing more work
ALL	43
Size: 5-49	42
Agriculture, mining & utilities	36
Manufacturing & construction	35
Retail, wholesale & hospitality	39
Transport, storage & communication	38
Finance & other business	46
Education, health & other public	56
Unions absent	39
Unions present	57
Public sector	55
Private sector	40
Women: 50-100%	46
Women: 1-49%	36
Size: 200 or more	51
Size: 50-199	46
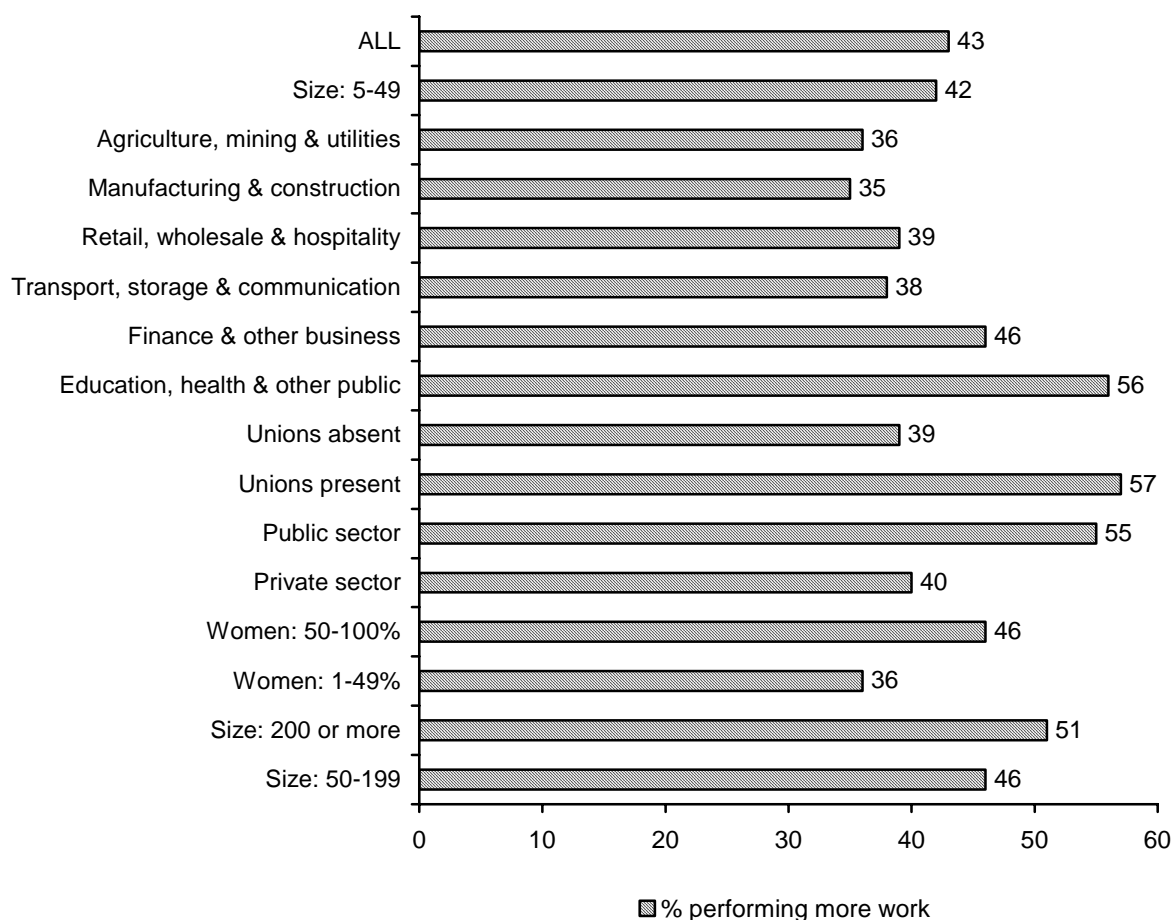
Source: FOWTEP, 2006.

Some of the work intensification may be accounted for by staff shortages, resulting in more or stable amounts of work being spread among fewer staff members. Where no recruitment difficulties were reported, 67 per cent of employers were working their managers and professionals harder - a figure which rose to 78 per cent among employers who *were* experiencing recruitment difficulties. The equivalent figures for non-managerial/professional staff were 40 per cent and 47 per cent.

Recruitment problems are unlikely to represent the whole story however. Large organisations, for example, were more likely to report difficulties with the recruitment of managers and professionals compared with their smaller counterparts, yet there is no significant relationship between firm size and how much harder managers and professionals are working. In terms of non-managers/professionals, large organisations reported fewer recruitment difficulties, yet from Figure 8.2, it was clear that the largest establishments were the most likely to be working their non-managerial/professional staff harder now than three years ago.

8.4   Team working, PRP and work intensification

Team working and PRP is clearly widespread and growing. To what extent are these trends associated with improved or deteriorating working conditions and are they a source of satisfaction or stress? From Table 8.4, it would appear that the growth of team working can be a source of strain for employees. The introduction or expansion of team working gave rise to an intensification of work among all categories of worker - managers, professionals and non-managers/professionals. As many as 82 per cent of establishments with increased levels of team working were working their managers and professionals harder, compared with 63 per cent of establishments with no change in team working and 70 per cent of establishments with no team working. The equivalent figures for work load among non-managers/professionals were 54 per cent, 42 per cent and 37 per cent.

A similar picture emerges with PRP. Overall, 69 per cent of establishments were working their professionals/managers harder - this figure rose to 78 per cent where the use of PRP had been increased. Overall, 43 per cent of establishments were working their non-managers/professionals harder, compared with 54 per cent where PRP had been extended.

Table 8.4   The relationship between organisational change and work intensification

		% of establishments where selected staff carry out more work in 2006 than 2003	
If employer had made following changes:	**Base**	**Managers and professionals**	**Non-managers and professionals**
All		**69**	**43**
Increased team work	*322*	82	54
Don't use team work	*60*	70	42
Same amount of team work	*497*	63	37
Increased PRP	*226*	78	54
Stable PRP	*374*	68	40
Don't use PRP	*268*	67	40
Increased flexibility of hours	*361*	81	52
No change in flexibility of hours	*481*	63	36

Source: FOWTEP, 2006.

It is not clear whether increased flexibility of hours was used as a compensatory mechanism, but as Table 8.4 also shows, in establishments where more flexibility had been introduced, all groups of staff were more likely to have been exposed to an intensification of work over the past three years. It should be reiterated that observations of a more pressured working environment originate with the employer and the extent to which employees would share this interpretation cannot be ascertained.

It is therefore evident that there is a clear relationship between work intensification and organisational change. The increased use of both PRP and team working is associated with a more pressurised working environment, although causal direction cannot be determined. Similarly, it is not clear whether the increased use of hours flexibility was introduced as a consequence of the intensification of work in order to offset potentially adverse outcomes. Such an interpretation would be consistent however with the findings reported in section 7.1 that the majority of employers implemented flexible arrangements to ensure high levels of staff morale, satisfaction and retention. If these employer aims were successful, employees may be more prepared to withstand the heightened workload.

Therefore, while there may be benefits associated with team working, such as more interesting work, upskilling and perhaps greater autonomy, it would appear from these findings that it is also associated with work intensification and more performance control by means of financial incentives (i.e. the use of PRP) - all of which lead to a more stressful working environment. Under these circumstances, the accompanying increased use of flexibility in working hours may mitigate the worst aspects of these new working conditions but, nevertheless, there remains cause for concern.

8.5 Summary

- The incidence of team working in British organisations is widespread and growing with only eight per cent of employers claiming not to have any formally designated teams.

- The incidence of PRP is also increasing and in 2006 was used in two-thirds of workplaces.

- One third of employers had increased their use of teams and one quarter had increased their use of PRP over the past three years.

- Growth in the use of teams and PRP was also associated with an enhanced likelihood of work intensification among managerial, professional and other staff.

- Where employers were experiencing a growth of PRP, team working and work intensification, they were also more likely to have increased their use of flexible hours working arrangements - possibly to offset the adverse consequences of organisational change.

- Although organisational change is most keenly correlated with increased workload, it should be noted that a full two-thirds of all employers were working their managerial/professional staff harder and nearly half were pushing their other staff to achieve more in the same amount of time.

- The intensification of work is particularly acute in the public sector, in large workplaces and in establishments where women predominate.

- To some extent, increased workloads were also associated with the experience of recruitment difficulties.

9.   BUSINESS CHALLENGES

From the previous seven chapters, it is evident that British workplaces have been characterised by a fair degree of organisational turbulence. There has been widespread growth in team working, PRP, a range of flexible working arrangements and, accompanying these developments, a significant degree of work intensification. What are the pressures driving this volume of change and what further imperatives for transformation do employers foresee in the near future? These are the questions raised in this chapter which seeks to find an explanation for the HR decisions taken by employers in the recent past and planned for the future.

9.1   Staff related problems

A recent study of business performance by the Work Foundation (2005) found that the average employee was away from work due to illness or injury for 4.15 days in the previous year - rising to five days among those employed in the health and manufacturing sectors. These figures were translated into a total average cost of £153,247 per annum for a typical business. The same survey indicated that, in addition to problems of absenteeism, 23 per cent of businesses found it difficult to attract good quality employees with the right skills set.

To what extent do the FOWTEP 06 survey respondents also report problems such as absenteeism, recruitment, staff retention, morale and sub-optimal productivity? In addition to assessing how widespread particular flexible working arrangements were among British businesses, the FOWTEP 06 survey was also designed to establish both employer motivations for particular strategic decisions and the prevalence of business problems for which flexible employment opportunities may offer solutions.

It was noted in section 7.1 that in terms of employee relations, flexible working arrangements were introduced primarily to improve staff retention or satisfaction or morale or to accommodate the family life of staff. Given this, it is interesting to observe in Table 9.1 that staff recruitment over the past 18 months is a fairly widespread problem facing organisations of all sizes (affecting one third of small establishments of 5-49 and as many as half the establishments with 200 plus staff). There may, therefore, be a case for encouraging employers to think more strategically about the terms and conditions they can and do offer staff and the role that a variety of benefits can play as part of a package of recruitment incentives.

Table 9.1   Incidence of recruitment difficulties in previous 18 months

| | Per cent: | | | |
| | Organisation size: | | | |
	5-49	50-199	200+	All
Problems recruiting any staff	37	48	52	38
Problems recruiting managerial or professional staff	24	33	42	25
Problems recruiting non-managerial or professional staff	27	30	23	27
Base:		915		

Source: FOWTEP, 2006.

In addition to recruitment challenges, employers were also invited to comment on whether they perceived the following as a problem in their establishment: labour turnover, absenteeism, staff morale and productivity. This is explored in Table 9.2.

Table 9.2   Proportion of employers perceiving issue to be a problem

	Yes, to a great extent	**Yes, to some extent**	**Yes, total**	**No**	**DK**
Labour turnover	6	14	20	80	..
Absenteeism	3	17	20	80	..
Staff morale	2	13	15	85	..
Productivity	3	10	13	86	1
Base:		915			

Source: FOWTEP, 2006.

Labour turnover is recognised as a problem in one fifth of workplaces (Table 9.2). Figure 9.1, however, reveals considerable variation in the proportion of workplaces with retention difficulties according to size, opening hours, unionisation and whether there are women in the workplace. One of the key determinants of staff retention problems appears to be 24/7 opening hours. The ability to cover shifts during unsociable hours may prove hard to sustain over the long term, particularly if employees have families or other responsibilities. As a consequence, high levels of staff turnover are reported in nearly one third of such businesses. Over one third of large organisations which employ more than 200 staff also reported difficulties with staff retention (35 per cent compared with 20 per cent overall). There were no significant industry effects, but it is notable that in all male workplaces, the frequency with which retention rate problems are reported falls to just 11 per cent, compared

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with 22 per cent in organisations with a workforce of 75 per cent or more women. This finding suggests that in workplaces with even a moderate female presence, employers need to think long and hard about what terms and conditions might encourage employees to remain with the organisation for longer periods of time. It should be noted, however, that at the individual level, men and women exhibit similar patterns of employment tenure and that retention issues are not a 'woman problem' despite the fact that caring responsibilities typically are. Analysis of the Labour Force Survey (quarter 1, 2006) indicates that both men and women have been working for their current employer for an average (median) of five years.[12]

Figure 9.1 Characteristics of employers with labour turnover problems
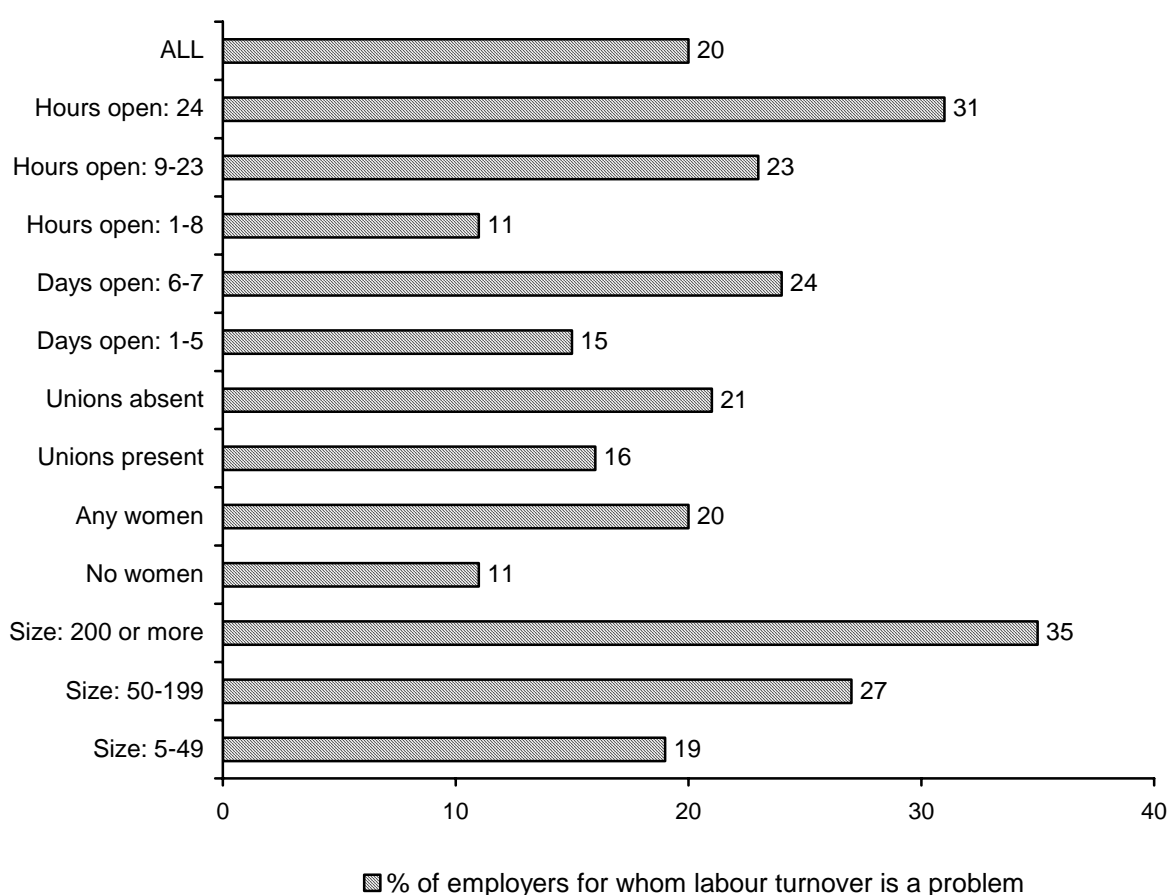
Source: FOWTEP, 2006.

As with labour turnover, problems with absenteeism are also more prevalent in workplaces that are permanently open and require 24 hour staff coverage (Figure 9.2). Compared with an average of 20 per cent, 31 per cent of 24 hour workplaces expressed a concern with absenteeism raising the possibility that working unsociable

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[12] The median is the value at which half the employees have worked for more years and half have worked for less. The mean years worked is slightly different, with men having worked on average for 8.9 years and women for 7.6 years with the same employer. The mean is the sum of all years divided by the number of employees sampled.

hours has motivation implications at best and more serious health repercussions at worst. The larger workplaces, which are more likely to have union recognition, reported dramatically higher than average concerns with absenteeism - affecting over half (59 per cent) the employers with more than 200 staff. Workplaces with 50-199 staff also reported an above average incidence of absenteeism problems (40 per cent). The absence of a member of staff in small workplaces is likely to be noticed immediately and the impact may well be significant - this may be sufficient to deter long or frequent 'sickies'. In a larger organisation, the chances of having cover for a missing member of staff may well be greater and the response to absence more bureaucratic rather than direct and personal. A range of flexible options including homeworking, the ability to arrive and leave later, or the opportunity to crush hours into just 4 or 9 days instead of 5 or 10, may all contribute to a working regime which allows staff to respond to emergencies or 'bad days' without the need for a full day of absence. It may also represent a more healthy approach to working, again preventing deterioration in health.

Figure 9.2 Characteristics of employers who have problems with absenteeism
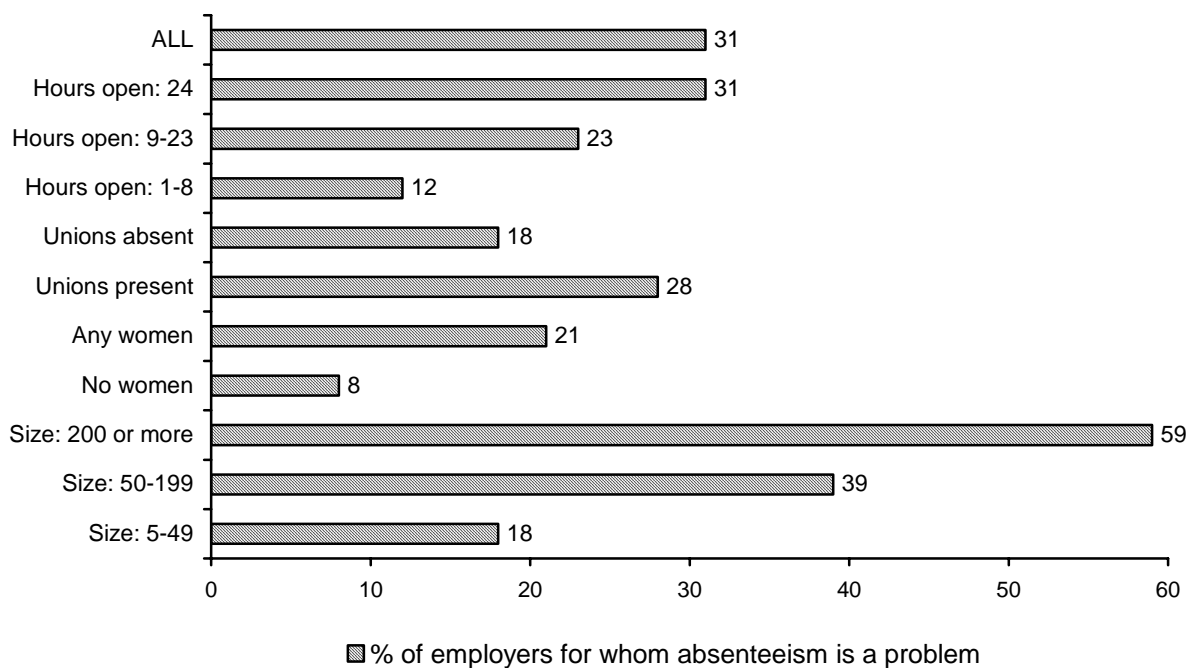
Source: FOWTEP, 2006.

Staff morale problems affect 15 per cent of employers. There are few variations in the extent to which morale is voiced as a concern according to workplace type with one exception - organisation size (Figure 9.3). Morale is raised as a problem by 41 per cent of employers who have more than 200 staff and by 30 per cent with 50-199 staff.

Figure 9.3 Characteristics of employers who have problems with staff morale

% of employers for whom staff morale is a problem
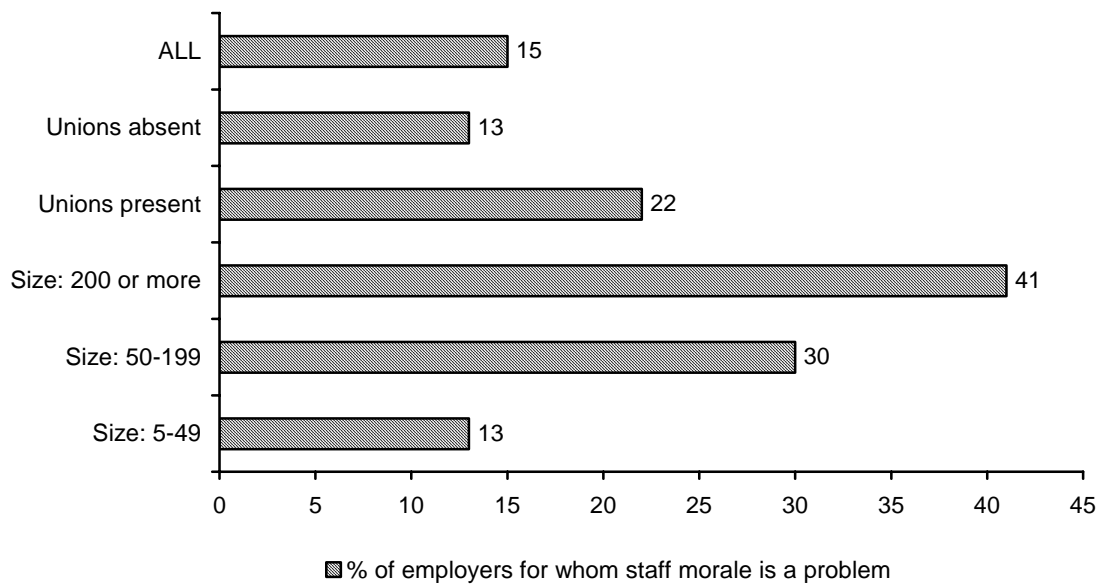
Source: FOWTEP, 2006.

Productivity is also perceived as a problem in just a minority of workplaces - affecting 13 per cent of surveyed employers, but rising to one fifth of employers in the manufacturing and construction industries and one quarter of employers with 200 or more staff (Figure 9.4).

Figure 9.4 Characteristics of employers who have problems with productivity

% of employers for whom productivity is a problem
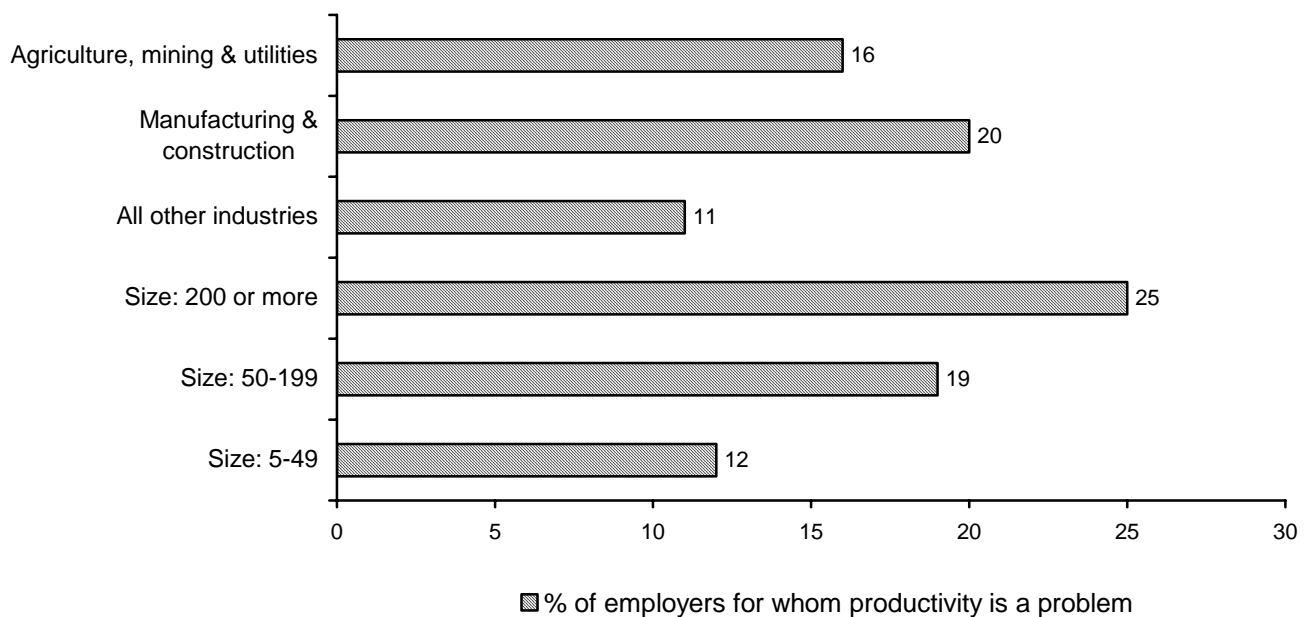
Source: FOWTEP, 2006.

Large organisations are clearly beset by the highest incidence of all five difficulties investigated - recruitment, absenteeism, turnover, productivity and staff morale. These larger organisations therefore need to find imaginative means to allay these problems, as they typically already offer the more common employment incentives of higher wages and longer holidays. They are also more likely than smaller organisations already to be operating four or five flexible hours schemes.

Having considered the incidence of staff related difficulties and their distribution among different types of establishment, it is of interest to explore whether there is an association between the probability of a problem being reported and the recent introduction of, or increase in, flexible hours working arrangements. It has been hypothesised that these will prevent, or at least mitigate, the problems discussed in addition to promoting staff morale and performance.

Table 9.3 shows whether the four difficulties under consideration were regarded as a problem by the HR Director interviewed and whether the existence of the problem was associated with either (a) an increase in hours-flexibility over the past three years (whether in terms of the number of schemes or the number of staff eligible), or (b) stability in hours-flexibility. Where establishments reported the presence of any one of the difficulties, the probability of having recently increased the flexibility of hours was significantly higher than in establishments which said they did not experience the difficulty. Specifically, where staff turnover was reported as a problem, 42 per cent of employers had increased hours-flexibility, compared with 33 per cent of employers with no turnover problems. In terms of absenteeism, the two equivalent figures were 41 per cent and 33 per cent. Where staff morale was a problem, 46 per cent of employers had increased hours-flexibility, compared with 33 per cent of employers without the problem. Finally, the biggest difference can be observed in relation to productivity - where it was reported as a problem, 49 per cent of employers increased hours-flexibility, compared with 33 per cent of employers who did not have productivity issues. In workplaces afflicted with the difficulties of labour turnover, absenteeism, staff morale or productivity, one response would appear to be an increase in either the variety of choice or eligibility for flexible hours working arrangements. In an effort to resolve staff-related problems, flexible working seems to be perceived as a solution. This interpretation is consistent with the findings reported in section 7.1 where a more direct approach was taken, with HR Directors asked specifically why they used a variety of flexible working arrangements. The most commonly cited reasons related to staff turnover, morale and the need to accommodate the family responsibilities of their staff.

In terms of productivity improvements, during the scoping phase of the survey, HR Directors were asked whether they had any evidence that allowing or enabling workers to operate more flexibly had improved business profits and productivity. While hard to quantify productivity benefits, it was observed:

> *Yes, a lot [of evidence]. Higher profit will be one, more utilisation of people because we sell time, we can measure it. Quicker response times to client requests.*
> (manager 4)

> *Oh yes… obviously workers do have personal issues that need to be attended to and… if you negotiate with that employee you usually find that morale is a lot higher and they will do that bit more for the company and put that bit more into the company. So yes, I do think that it boosts morale which can only boost profitability.*
> (manager 5)

> *Yes, the example I would give you is my team, part of my team are able to work flexibly and we know that that correlates with higher employer engagement*
> (manager 6)

Table 9.3 Association between the incidence of staff related difficulties and growth in flexibility of hours over the past three years

Row percentages	**Base**	**% reporting an increase in hours-flexibility**	**% reporting no change in hours-flexibility**	**% reporting a decrease or non-use of hours-flexibility or DK**
Labour turnover				
A problem	*179*	42	49	8
Not a problem	*734*	33	58	8
Absenteeism				
A problem	*183*	41	51	8
Not a problem	*731*	33	57	10
Staff morale				
A problem	*138*	46	41	13
Not a problem	*775*	33	59	8
Productivity				
A problem	*119*	49	39	12
Not a problem	*787*	33	59	8

Source: FOWTEP, 2006.

9.2 The business context for change - perceived current and future pressures

In Chapter 7, employer motivations for introducing flexible working arrangements or refraining from the use of flexitime were discussed. In this section, a broader canvass

is addressed with employers invited to consider *any* changes introduced within their establishment and to indicate key pressures for transformations in business strategy and HR policy.

The pressures which were currently driving recent or planned changes in organisations are examined in Table 9.4.

Table 9.4   Current pressures for recent or planned change

	Number	**Per cent:**
Legislation or government regulations	87	15
Client demand/customer pressures	82	14
Competition from other businesses	75	13
Staff shortages	67	11
Budgeting issues (financial constraints, non-staff costs, profitability)	66	11
Competition for recruitment	63	11
Need to cut staffing costs	31	5
Need to respond to demographic change	29	5
Need to improve productivity	29	5
Technological developments	19	3
Workload / volume of work	19	3
To improve or maintain staff morale	14	2
Base: Employers who have made changes, or plan to introduce them.	594	

Source: FOWTEP, 2006.

The most common response from employers who had, or planned to, introduce some change, related to government legislation and regulations - spontaneously mentioned by 15 per cent of employers. This perhaps is no surprise given, for example, the recent changes to maternity and paternity rights and benefits, the introduction in 2003 of the right of new parents to request flexible hours, codes of practice relating to the employment of older workers, the working time directive, age discrimination legislation, and other legislative changes.

Pressure from clients and customers for improved service, longer opening hours, more choice or better quality is also one of the more common factors accounting for planned or recent change in British workplaces, cited by 14 per cent of employers. A further 13 per cent also specified competition from other businesses as prompting business strategies leading to a process of change.

Bottom line considerations also gave rise to change for one in ten workplaces with financial constraints, profitability concerns and costs generally all being mentioned as problems which needed to be resolved.

Staff shortages were reported by 11 per cent of employers, and, relatedly, competition for staff also caused 11 per cent of employers to instigate change. A variety of flexible working arrangemnts were used as incentives to attract staff where competition was acute or skills rare.

A range of other motivations for the introduction of change were also cited, but by fewer numbers of employers; these included concerns with staff costs, productivity drives, technological developments, staff morale and workload issues. Absenteeism, however, was only raised as an issue by four employers.

Grouping the categories from Table 9.4 leads to four main types of pressure generating change. These are shown in Table 9.5.

Table 9.5   Current pressures for recent or planned change - categories grouped

	Per cent:
Competition from other businesses, profitability, costs	29
Staff recruitment and retention	27
Client demand/customer pressures, workload	17
Legislation or government regulations	15
Technological change	3
Base: Employers who have made changes, or plan to introduce them.	*594*

Source: FOWTEP, 2006.

Table 9.5 shows that the largest cluster of reasons for imposing change in the workplace related to bottom line considerations - profitability, competition and a variety of both staffing and non-staffing costs (29 per cent). Staff related issues are the second most common driver of change (27 per cent) with the need to recruit and retain staff and keep morale high behind many of the changes introduced. Legislative developments and client expectations account for change in 17 per cent and 15 per cent of workplaces respectively. Technological advances explain workplace transformations in a minority of just three per cent of establishments.

Employers were also invited to reflect on the future and consider what changes British businesses would need to make over the next five years. The question focussed on changes to the way their staff worked and the way they recruited and organised staff. Responses from a minimum of 25 employers are listed in Table 9.6.

Table 9.6 Employers' perceptions of the main changes British businesses will have to make over the next five years

	Number	Per cent:
Introduce more flexibility generally	131	14
Introduce greater flexibility of working hours	94	10
More compliance with rules and regulations (British and European legislation, health and safety etc)	70	8
Need to deal with skill shortages (possibly through better training)	63	7
More working from home	61	7
More/superior technology	61	5
More family friendly policies	46	5
Different/better recruitment policies	42	5
Provision for older workforce and less age discrimination	42	5
Fewer hours to be worked	38	4
More competitive pay	35	4
More benefits to staff	30	3
Recruit more from abroad, use more foreign staff	25	3
Base:		*915*

Source:　　FOWTEP, 2006.

Table 9.6 shows that employers were most likely spontaneously to suggest that the future would bring far more flexibility, in general, and flexibility of hours, in particular, in order to respond to changes in the business environment over the coming years. Compared with the more de-regulatory philosophy of the pre-1997 Conservative government, Labour has taken a more interventionist approach to the economy and employment relations. Employers anticipate a continuation of this regulatory impetus, with more legislation originating from the UK or Europe, and they predict the need to change in order to comply with the new laws as they emerge. Other developments which are foreseen include more training/skill development, more working from

home, technological advances, more family friendly and age positive policies and the need for a highly diverse recruitment strategy.

9.3 Summary

- Staff retention was reported as a problem by 20% of employers; absenteeism by 20%; staff morale by 15%; and productivity by 13%. Moreover, 38% of employers reported that they had experienced recruitment difficulties in the previous 18 months.

- Absenteeism and retention problems were more prevalent in large establishments and 24/7 workplaces. They were notably less likely to arise in the 6 per cent of establishments that did not employ any women.

- Productivity issues were most often raised in large establishments and in the manufacturing and construction sector.

- Staff morale was reported as a problem more often than average in large workplaces.

- Where the five problem areas are reported as a difficulty, employers are more likely to have increased the amount of flexibility in working hours over the past three years. In an effort to resolve staff-related problems, flexible working would appear to be perceived as a solution.

- The main pressures for change reported by the employers were: competition from other businesses, profitability and costs; and staff recruitment and retention.

- For the future, employers were most likely to suggest that more flexibility, in general, would be required at work, plus more flexibility of working hours.

10. CONCLUSION

Reviewing the aims of the study, the FOWTEP 06 survey set out, against a backdrop of global competition, demographic change and an increasingly 24/7 society, to quantify transformations in the way that work is organised. Structural change in the flexibility of working arrangements, team working, and financial performance incentives, were all investigated. In addition, problems facing employees, such as work intensification and employer difficulties, such as recruitment, retention, absenteeism, morale and productivity, were all explored.

It is clear from the findings that British workplaces continue to be sites of flux, with a range of changes implemented on a widespread basis. The survey covered a fairly limited number of strategies which employers may adopt in the pursuit of success; nevertheless, the study revealed growth in team working, incentive payment systems and flexibility of hours. By contrast, a picture of stability emerged in relation to spatial and career flexibility which were available in around one third of establishments.

The findings shed light on a range of issues including harmonisation, occupational mobility, employment segmentation and work strain.

By and large, employers operate harmonised benefits for employees - allowing all categories of staff access to a range of flexible measures. Of some concern, however, is the prevalence of more informal rather than written arrangements in small workplaces. Informality leads to the accommodation of staff needs on an ad hoc basis. This is likely to be acceptable for knowledge workers or other staff with skills in short supply, but may work against other low-skilled, low paid groups of worker who may be perceived as dispensable or more readily replaced.

In terms of occupational mobility, the findings indicated that fluidity of movement between distinct contractual hours, specifically opportunities to downshift hours, was not an area of progress. The ability to change from full-time to part-time work within an organisation is of critical importance to individuals who encounter a change in their circumstances, yet wish to continue working and ideally maintain their use of skills, occupational status and associated pro rata pay. Mothers after childbirth, adults facing caring responsibilities for older people and older workers in the period leading up to retirement, all benefit from the opportunity to alter their contractual hours. By 2006, a growth in such opportunities was predicted given the 'right to request' law introduced in 2003. It was a surprise, therefore, to find that although three-fifths of employers allowed full-time to part-time transitions, little change was

evident since 2002. The risk of downward occupational mobility and the accompanying 'brain-drain' therefore persists.

By contrast, the incidence of underemployment in the sense of not working as many hours as desired is likely to have diminished. The provision of transitions between part-time and full-time grew substantially between 2002 and 2006. This finding may tentatively raise the possibility that segmented labour markets are being undermined. Within a segmented labour market structure, 'secondary' jobs, which are often part-time, temporary or casual, are characterised by low pay and poor terms and conditions with few opportunities for promotion or for movement into primary labour market positions. As a consequence, part-time employment is associated with a large gender pay gap. If part-time workers are now more widely able to move into full-time positions, it may be that some of the barriers demarcating good and bad jobs are being eroded.

In terms of flexible working arrangements, employers largely approach these measures in an ad hoc manner, using, on average, four from a range of eight opportunities investigated. Very few employers have no policies relating to flexible working arrangements. Similarly, very few had implemented a fully comprehensive programme incorporating a flexible approach to time, careers and working location. Therefore, although the provision of flexible working arrangements is widespread and, in some areas, still growing, there remains considerable scope for British employers to think about their working arrangements in a more holistic or strategic manner.

Obstacles to change do, however, persist, which prevent some employers from adopting 'new ways of working'. It is important to understand these operational exigencies in order to be realistic when promoting an agenda of organisational change which may be ideal for employees, but problematic for specific employers. A number of employers objected that the WLB agenda and government legislation had swung too far in favour of employee rights and benefits. In these instances, it was felt that there was a lack of understanding about the difficulties employers face in reconciling legal regulations, employee needs and bottom line business considerations. The main reasons for not providing flexitime opportunities were the need for specific hours to be adequately covered. This especially applied in the retail, wholesale and hospitality, transport, storage and communication, and education, health and other public services sectors, and in small workplaces. Other unspecified operational reasons also prevented the introduction of some measures for flexibility as did, in some cases, shift systems.

In terms of the business case for change, without a full complement of data relating to business performance, HR strategies, shop-floor practices and methods of employee control, it is not wise to make rash judgements about the business related benefits associated with flexible working arrangements. However, the survey shows that employers had introduced flexitime for various business reasons and where any of the five problem areas were reported as a difficulty, employers were more likely to have increased the amount of flexibility in working hours over the previous three years, suggesting that flexible working may be perceived as a solution to these staff-related difficulties.

From the perspective of individuals attempting to organise their careers over a working lifetime, the developments described so far are encouraging, with greater flexibility available and extended more widely among different categories of staff. In only six per cent of establishments were no flexible practices in place.

On a more negative note, however, the increased incidence of performance related pay is of concern given that other studies have demonstrated that financial performance incentives can lead to heightened work strain and a more pressured working environment. Of similar concern is the fact that two-thirds of employers admitted that they were pushing their managerial and professional staff to achieve more compared with three years ago. Two-fifths of employers were also exposing their non-managerial staff to this kind of work intensification. The organisational changes discussed above, including increases in team working and PRP, may have been linked to increased work intensification.

A fairly mixed picture, therefore, emerges from the study. Progress is being made toward a more flexible approach to employment terms and conditions which will promote social inclusion and a more diverse workforce. Ultimately, with a consequent increase in labour market participation, national economic performance should also benefit. Spatial and career flexibility, however, show no such signs of growth. Where team working and PRP have been introduced, greater intensification of work is also evident. However, the simultaneous growth in flexibility of hours may mitigate the more harmful risks associated with increased workloads.

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APPENDIX 1: FOWTEP questionnaire

SECTION 1 – Introduction
Q1 Good morning/afternoon my name is ……….I am calling from GfK NOP, an independent market research agency. We are conducting a research project for the Equal Opportunities Commission about flexible and new models of work organisation.

Can I speak to the Human Resources Director or the most senior person responsible for personnel matters at this site?

INTERVIEWER NOTE: for small firms this is likely to be the manger/owner. If try to redirect to another location, ask to speak to the 'site manager.'

ADD IF NECESSARY: we need to speak to someone based at this site. Not at head office. We are interested in activities at this location.

Put through………………… … ……   1 Go to Q2
No such person…………… … … …   2 Close
Refused to be put through… … … ..   3 Close
Call back later………………….. … ..   4 Make appointment

WHEN THROUGH TO THE CORRECT PERSON:
Good morning/afternoon. This is …………….calling from GfK NOP Ltd. We are conducting some research for the Equal Opportunities Commission concerning employers' views about the future of work. The research we're doing aims to better understand the view of employers regarding flexible and new models of work organisation.

ADD REASSURANCE IF NECESSARY:
The survey will be carried out according to the Market Research Society's Code of Conduct and the Data Protection Act which guarantees absolute confidentiality and anonymity of response. The Equal Opportunities Commission will not be made aware of your participation in the research; neither will individual responses be revealed that would identify the respondent.

IF NECESSARY: MORE ABOUT THE SURVEY
The EOC wish to gain a better understanding of employers' views about the future of work as well as understanding what currently happens in the workplace in terms of working practices.

The sorts of information that we will cover in the interview are:

- The hours worked by staff
- Career prospects
- Recruitment activity
- Non traditional working practices

Q2 Can I just check are you the Human Resources Director or most senior person responsible for personnel matters at this site?

ADD IF NECESSARY: we need to speak to someone based at this site. Not at head office. We are interested in activities at this location.

INTERVIEWER NOTE: this can be a site manager.

Yes…………………………… ………. 1 Go to Q3
No , transfer to someone else……….2 Go back to introduction for correct person
Refused……………………………….. 3 Close

Q3 Are you willing to take part in the survey, which will involve a short 15 minute interview about flexible working practices at your site?

Yes, now………………………… … .. 1 Continue to S1
Yes, at another time…………… … .. 2 Make an appointment
No, not interested in taking part… … 3 Close

Screening question
First of all I need to check some background information about your establishment.

ASK ALL
S1. Can I just check - how many employees, full-time and part-time, do you have at this site? Please include yourself and all those on the payroll (INCLUDING directors and out-workers such as sales representatives, but not self-employed or outside contractors/agency staff).

ADD IF NECESSARY: by part-time, we mean working between 8 and 30 hours per week.

ALLOW RANGE 0-999999

INTERVIEWER NOTE: if respondent says don't know prompt to ranges.

CODE ONE ONLY.

1. 0-4   Thank and close: 'I'm sorry, we're only talking to establishments with 5 or more employees. Thank you for your time.'
2. 5-9
3. 10-20
4. 21-49
5. 50-99
6. 100-199
7. 200 -499
8. 500 +
9. DK (Do not read out)
10. Refused (Do not read out)

SECTION A: Background

Now, I would like to ask you about the kind of work that takes place at your establishment.

ASK ALL

A1. What is the nature of this establishment? Is it …..

CODE ONE ONLY

1. Single site
2. Head Office
3. One of multiple sites, but not head office
4. DK (Do not read out)
5. Refused (Do not read out)

ASK ALL

A2 (a) Can I just check, do you have employees at this establishment in the following occupational groups?

ADD IF NECESSARY: I am interested only in the employees at your establishment/ workplace.

	Yes	No
1. Scientists, engineers or technologists		
2. Skilled construction workers		

ASK ALL

A3. How would you describe the formal status of your establishment? Is it …?

READ OUT. CODE ONE ONLY
1. A Private Limited Company
2. A private sector business though not a PLC (e.g. a limited company or a partnership)
3. Public sector
4. Other non-profit making (e.g. a charity)
5. DK (Do not read out)
6. Refused (Do not read out)

A4a Your establishment has been classified as… (INSERT SIC DESCRIPTION FROM SAMPLE FILE)

Yes	1	GO TO A5
No	2	GO TO A4b

ASK IF CODE 2 AT A5

A4b What is the main product or service of this establishment? WRITE IN. INTERVIEWER: PROBE FULLY.

e.g.   What is the main activity of this establishment?

What exactly is made or done at this establishment?

What material or machinery does that involve using?

ASK ALL - CODE ONE ONLY
A5 How many days per week is your establishment normally open for business?

ADD IF NECESSARY: I am interested only in what happens at your establishment/ workplace

1
2
3
4
5
6
7
(DK)
(Refused)

ASK ALL
A6 On a typical working day, how many hours is your establishment normally open for business?

ADD IF NECESSARY: I am interested only in what happens at your establishment/ workplace.

ADD IF NECESSARY: please give an approximate answer.

Allow range 0-24 hours
(DK)
(Null)

ASK ALL
A7. Roughly what proportion of employees at your establishment are using a Personal Computer (PC), laptop, Blackberry or other computerised equipment in their job?

ADD IF NECESSARY: I am interested only in employees at your establishment/ workplace.

INTERVIEWER NOTE: we are interested in all computerised technology not just PCs.

READ OUT
1. All of them
2. 90-99%
3. 75-89%
4. 50-74%
5. 25-49%
6. 10-24%
7. 1-9%
8. None of them
9. Wants to give number of employees instead of a percentage
10. DK

SCRIPT WRITER - only give option of entering number of employees if respondent has not coded DK at S1 and not given answer as a range.

INTERVIEWER NOTE: as last resort respondent can give their answer as a number of employees rather than as a percentage. To do this code 9.

SCRIPT WRITER - please set up so that a number of employees can be given.

Enter number of employees at your establishment using a personal computer, laptop, blackberry or other computerised equipment.

SCRIPT WRITER - insert check that figure given cannot be more than that at S1.

All those who enter a number of employees. Not null, DK or refused.

INTERVIEWER ADD: 'Can I just check that you have (insert answer from S1) employees at this establishment and (insert answer from A7) of them have access to computerised equipment.'

ASK ALL
A8 Are any of your employees represented by a Trade Union?

ADD IF NECESSARY: I am interested only in employees at your establishment/ workplace.

1. Yes
2. No
3. (DK)
4. (Refused)

SECTION B
The next set of questions are about the people that work at your establishment.

ASK ALL

B1 Earlier, you said that (text fill from screener question 1) people work at your establishment. In total, how many employees work at your establishment on a part-time basis? By part-time we mean work less than 30 hours per week.

ADD IF NECESSARY: I am interested only in the employees at your establishment/ workplace

ALLOW RANGE 0-999999

(DK)

CATI INSERT: check to make sure answer is not more than the figure given at S1. If respondent says don't know code to ranges: code one only.

1. None
2. 1-4
3. 5-9
4. 10-20
5. 21-49
6. 50-99
7. 100-199
8. 200 –499
9. 500 +
10. DK (Do not read out)
11. Refused (Do not read out)

ASK ALL

B3 Roughly what percentage of your workforce at this establishment is made up of men…?

ADD IF NECESSARY: I am interested only in the employees at your establishment/ workplace. Please give your answer as a percentage.

INTERVIEWER NOTE: as last resort respondent can give their answer as a number of employees rather than as a percentage (only show for those not DK at S1).

INTERVIEWER NOTE: do not read out. Please code as appropriate.

1. Respondent is giving their answer as a percentage.
2. Respondent says DK, null or refused.
3. Respondent is giving their answer for a number of employees (only show for those who say not DK at S1)

INTERVIEWER NOTE: all who code 1 or 2 above, interviewer enter percentage; allow 1-100%; DK, null or refused.

INTERVIEWER NOTE: for those who give answer as a percentage (not those who say DK, null or refused), add: 'Can I just check that (INSERT ANSWER FROM B3)% of staff at your establishment are men?'

INTERVIEWER NOTE: all who code 3, enter number of employees.

SCRIPT WRITER - please set up so that a number of employees can be given. Only give option of entering number of employees if respondent has not coded DK at S1 and given answer as a range. Add in check that answer is not more than figure given at S1.

INTERVIEWER NOTE: for all who give a number of employees, not those who say DK, null or refused, add: 'Can I just check that you have (insert answer from S1) employees at this establishment and (insert answer from B3) are men?'

Allow DK, null or refused.

ASK ALL
B4 Do you have a policy, either written or unwritten, of allowing employees at your establishment to change from PART-TIME to full-time hours on a permanent basis?

INTERVIEWER NOTE: an unwritten policy may also be referred to as an informal policy.

If YES ask: 'And is that a written or an unwritten policy?'

1. Yes, a written policy
2. Yes, an unwritten policy
3. No
4. DK

If B4=1 OR 2 then ask B5

B5 Which levels of staff can change from part-time to full-time hours?
CODE ALL THAT APPLY

INTERVIEWER NOTE: 'if respondent says 'all staff' then please code for both of the pre-codes.

1. Managerial staff AND Professional staff
2. Non-managerial/ non-professional staff

Allow DK

ASK ALL
B6 Do you have a policy either written or unwritten, of allowing employees at your establishment to change from FULL-TIME to part-time hours on a permanent basis?

INTERVIEWER NOTE: an unwritten policy may also be referred to as an informal policy.

If YES ask: 'And is that a written or an unwritten policy?'

1. Yes, written policy
2. Yes, unwritten policy
3. No
4. DK

If B6=1 OR 2 then ask B7

B7 Which levels of staff can change from full-time to part-time hours?

CODE ALL THAT APPLY

INTERVIEWER NOTE: If respondent says 'all staff' then please code for both of the pre-codes.

1. Managerial staff AND professional staff
2. Non-managerial/ non-professional staff
3. Allow DK

ASK ALL - ROTATE
B9 I want to ask you about certain changes that might have occurred over the last THREE years. Have the following increased, decreased or remained about the same at your establishment?

ADD IF NECESSARY: I am interested only in what happens at your establishment/ workplace.

ADD IF NECESSARY: please give your best estimate.

INTERVIEWER NOTE: if in business for less than three years, ask them to answer for the period in which they have been in business.

CODE ONE FOR EACH STATEMENT

	Increase	Decrease	Stay the same	N/A Do not use these practices	DK	Ref
Flexibility in terms of the hours that staff work.	1	2	3	4	5	6
The amount of formal team-working (If necessary: a team is a group of people who work together on a regular basis for a particular set of tasks or projects. Members of the team may change)	1	2	3	4	5	6
The use of performance related pay (ADD IF NECESSARY: Performance related pay includes all bonuses and commission which are tied to achieving targets)	1	2	3	4	5	6

ASK QUESTION FOR EACH STATEMENT IF CODES 1-3 (increased, decreased or stayed the same) AT B9.

B10 And over the next **12 months**, that is from June 2006 until May 2007, do you plan to increase, decrease or keep at about the same level (please insert these statements as at text fill) at your establishment?

ADD IF NECESSARY: I am interested only in what happens at your establishment/ workplace. Please give your best estimate.

CODE ONE ONLY FOR EACH STATEMENT

	Increase	Decrease	Stay the same	DK	Refused
Flexibility in terms of the hours that staff work.	1	2	3	5	6
The amount of formal team-working (If necessary: a team is a group of people who work together on a regular basis for a particular set of tasks or projects. Members of the team may change)	1	2	3	5	6
The use of performance related pay (ADD IF NECESSARY: Performance related pay includes all bonuses and commission which are tied to achieving targets)	1	2	3	5	6

ASK QUESTION FOR EACH STATEMENT IF CODE 4 AT B9 (n/a not in use)

B10a And over the next **12 months,** that is from June 2006 until May 2007, do you plan to INTRODUCE (please insert the statement as a text fill) at your establishment?

ADD IF NECESSARY: I am interested only in what happens at your establishment/ workplace.

ADD IF NECESSARY: Pease give your best estimate.

CODE ONE ONLY FOR EACH STATEMENT

	Yes	No	DK	Refused
Flexibility in terms of the hours that staff work.	1	2	5	6
Formal team-working (If necessary: a team is a group of people who work together on a regular basis for a particular set of tasks or projects. Members of the team may change)	1	2	5	6
The use of performance related pay (ADD IF NECESSARY: Performance related pay includes all bonuses and commission which are tied to achieving targets)	1	2	5	6

ASK ALL

B11 In your establishment are there well defined career ladders or sequences of jobs that people who perform well can go up?
1.   Yes
2.   No
3.   (DK)
4.   (Refused)

ASK ALL
IF B11=1 then ask B12

B12 Do you think the career prospects of part-time staff are as good as those for full-time staff in your establishment?

1.   Yes
2.   No
3.   No part-time staff at establishment
4.   (DK)
5.   (Refused)

SECTION C

I'd now like to ask you about recruitment issues.

ASK ALL

C1 In last **18 months**, have you experienced any difficulties recruiting?

ADD IF NECESSARY: that is from December 2004 until May 2006.

ADD IF NECESSARY: 'If in business for less than 18 months ask them to answer for the period in which they have been in business.'

ADD IF NECESSARY: I am interested only in what has happened at your establishment/ workplace.

CODE ONE ONLY FOR EACH STATEMENT

	Yes	No	DK	Have not recruited this type of staff
1. Managerial and professional staff				
2. Non-managerial/ non professional staff				

C2 When recruiting, what sort of information do you include in the recruitment literature or recruitment adverts to attract staff?

SINGLE CODE FOR EACH STATEMENT

	Yes	Yes, but only for some staff	No	N/A	DK
1. Information on any flexible hours or working arrangements that you offer as a benefit to staff					
2. Holiday entitlements					
3. Career opportunities (ADD IF NECESSARY: opportunities for promotion					
4. Information on provision of employment breaks such as sabbaticals, career breaks or other such schemes					

SECTION D
The next questions are about working practices

ASK ALL

D1 I am going to read to you a list of benefits that you may provide for employees. After each one I would like you to tell me whether it is available to all employees, only to some, or not available at all.

ADD IF NECESSARY: I am only interested in what happens at your establishment/workplace. **We are also interested if only available on an informal basis.**

INTERVIEWER NOTE: thinking in terms of "INSERT STATEMENT". Is this available to employees at your establishment or work place? Add if necessary 'is that available to all staff or some of the staff?'

CODE ONE ONLY FOR EACH STATEMENT. ROTATE

	Available to all staff	Available to some staff	Not available to any staff	(DK)	(Ref)
A. Career break schemes (ADD IF NECESSARY: these allow staff to take long periods of time off without pay (e.g. 6 months 1 year or longer) with a guarantee of a job when they return)	1	2	3	4	5
B. Term time working (ADD IF NECESSARY: working only during school term times)	1	2	3	4	5
C. Paid sabbaticals (ADD IF NECESSARY: these allow staff to take a block of time away from work (usually between 1 and 12 months) on full or half pay, and they return to their previous job. This time away is in <u>addition</u> to normal annual leave).	1	2	3	4	5
D. Flexitime hours (ADD IF NECESSARY: flexitime hours require staff to work a set number of hours per day and requires staff to cover 'core' working hours. But staff can arrive anytime between, for example 8am and 10am)	1	2	3	4	5

E. Compressed hours opportunities (ADD IF NECESSARY: allowing staff to work the same hours over fewer days e.g. condensing weekly hours into a 4 day week or 9 day fortnight)	1	2	3	4	5
F. Working from home or teleworking on an OCCASIONAL or REGULAR basis	1	2	3	4	5
H. Job-share opportunities	1	2	3	4	5
I. Annualised hours (ADD IF NECESSARY: staff work a fixed number of hours over the year but some months work more hours, in other months fewer)	1	2	3	4	5

FOR EACH ITEM ABOVE ANSWERED CODE 3 (not available to any staff) ASK**:**

D2 And are you planning to introduce [list benefit] during the next 12 months?

DO NOT READ OUT. CODE ONE ONLY

Yes
No
(Not sure)
(DK)
(Refused)

FOR EACH ITEM ABOVE ANSWERED CODE 2 (available to SOME staff) ASK**:**

D3 And are you planning to EXTEND [list benefit] during the next 12 months?
DO NOT READ OUT. CODE ONE ONLY

Yes
No
(Not sure)
(DK)
(Refused)

ASK IF CODE 3 (not available to any staff) FOR STATEMENT D AT D1 AND CODE 2 'NO' FOR STATEMENT D AT D2

D4 You do NOT provide flexitime for staff. Why is that?

DO NOT READ OUT. CODE TO PRECODES.
1.   Haven't thought about it
2.   No demand from our staff
3.   Too costly to implement
4.   Incompatible with our shift system
5.   Incompatible with team working
6.   Incompatible with customer needs
7.   Business too small to accommodate
8.   Need staff on site at known hours
9.   Staff would abuse system/ don't trust staff
10. Incompatible with business operations (e.g. production line system, use of specialist machinery/ equipment)
11. Insurance implications/costs
12. Other – specify
13. DK

ASK ALL

D5 During a normal week what percentage of employees at your establishment spend some of their usual working hours working from home?

ADD IF NECESSARY: 'Please give your answer as a percentage.'

ADD IF NECESSARY: I am interested only in employees at your establishment/ workplace.

INTERVIEWER NOTE: as last resort respondent can give their answer as a number of employees rather than as a percentage (only show for those not DK at S1).

INTERVIEWER NOTE: do not read out. Please code as appropriate.

1.   Respondent is giving their answer as a percentage
2.   Respondent says DK, null or refused
3.   Respondent is giving their answer for a number of employees (ONLY SHOW FOR THOSE WHO SAY NOT DK AT S1)

INTERVIEWER NOTE: all who code 1 or 2 above, interviewer enter percentage; allow 1-100%; DK, null or refused.

INTERVIEWER NOTE: for those who give answer as a percentage (not those who say DK, null or refused), add: 'Can I just check that (INSERT ANSWER FROM D5)% of staff spend some of their usual working hours working from home?'

INTERVIEWER NOTE: if respondent says don't know code to ranges: code one only.

1. None
2. More than zero, up to 4%
3. 5-9%
4. 10-20%
5. 21-49%
6. 50-99%
7. All
8. DK (Do not read out)
9. Refused (Do not read out)

INTERVIEWER NOTE: all who code 3, enter number of employees.

SCRIPT WRITER - please set up so that a number of employees can be given. Only give option of entering number of employees if respondent has not coded DK at S1 and given answer as a range. Add in check that answer is not more than figure given at S1.

INTERVIEWER NOTE: for all who give a number of employees, not those who say DK, null or refused, add: 'Can I just check that you have (insert answer from S1) employees at this establishment and (insert answer from D5) are men?'

Allow DK, null or refused.

ASK IF ANY AT D1=1 OR =2, OR ANY AT D2=1

D6 What are the main reasons for providing staff with (Please list the statements from Q D1 code 1 or 2 or Q D2 code 1). DO NOT READ OUT. CODE TO PRECODES.

Staff specific reasons
2. To retain staff
3. To improve staff loyalty
4. To improve job satisfaction/OR MORALE among staff
5. Demand from staff

1. To attract a wider range of staff
15 To give people 'quiet time' away from the office (e.g. because office is 'open plan')
17. To work around family life of staff
7. To reduce absenteeism

General business reasons
8. To achieve flexibility or to provide a better client service for business reasons (e.g. to fit with working hours of customers or suppliers globally)
9. Meet customer demand/ getting the work done
11. To maximise coverage of working hours
12. To comply with government regulations
13. To cut costs
14. To improve productivity
15. Other …SPECIFY
ASK IF ANY AT D1=1 OR =2, OR ANY AT D2=1

D7 What other changes, if any, have you made in the past 3 years relating to staff working arrangements that we have not mentioned so far?

INTERVIEWER NOTE: PROBE FOR: the way that work is organised and for any changes to the workforce structure.

ADD IF NECESSARY: 'If in business for less than 3 years ask them to answer for the period in which they have been in business.'

ALLOW DK AND NULL

ASK ALL

D8 Thinking about the changes you have made recently or plan to make in the future, what are the current pressures, if any, driving change in your organisation?

DO NOT READ OUT. CODE TO PRECODES

Staff/workforce specific reasons
3. Staff shortages

6. Need to cut staffing costs
8. Need to respond to a changing profile of staff
9. Staff retention
10. Maintain / improve staff engagement levels or morale

General business reasons
11. Competitiveness in recruitment
7. Need to cut non-staffing costs
1. Technological developments

5. Competition from OTHER businesses
12. Need to respond to changes in customer base
13. Client demand / customer pressures
14. Legislation/ regulations imposed by Government
15. Need to improve productivity
16. Other ……SPECIFY
17. NO CHANGES IN WORKING PRACTICES (Should not be multi-coded)

ASK ALL

D9 Thinking ahead 5 years, what do you think are the main changes that British businesses will have to make in terms of the way they work (including location and time scheduling), and the ways they recruit and organise staff? Please give me up to three main changes.

ALLOW DK AND NULL

SECTION E

These are the final questions about organisational problems.

ASK ALL

E1 Are any of the following perceived as a problem in your establishment?

	Yes, to a great extent	Yes, to some extent	No	DK	Null
Labour turnover					
Absenteeism					
Staff morale					
Productivity					

ASK ALL

E2 Thinking about staff workload - Do you think the following categories of staff at your establishment have the same, less or more work to do in the same number of hours compared with 3 years ago?

	Same	More	Less	N/a - in business less than 3 years	N/a - no staff in that category	DK	Ref
Managers and professionals							
Other staff							

ASK ALL

E3 The Equal Opportunities Commission and the 'Policy Studies Institute' may want to carry out some follow-up research in the future. Would you be willing to be contacted to help with that research? (Participation in any future research is voluntary and you would be able to decline at the time you are contacted)

ADD IF NECESSARY: The Policy Studies Institute is an independent research body, conducting research to promote economic well being and improve quality of life. The Policy Studies Institute designed this questionnaire in conjunction with the Equal Opportunities Commission.

1. Yes
2. No

IF AGREE TO FUTURE RESEARCH (E2 CODE 1)

E4 Please can we take your name, address and telephone number?

ALL

On behalf of GfK NOP thank you very much for your time.

If you would like to confirm that GfK NOP is a bona fide Market Research Company, you can call the Market Research Society, free of charge, on 0500 39 69 99.

ADD IF NECESSARY If you have any queries about the research, please contact Samantha Spencer on 020 7890 9054.

APPENDIX 2: Methodology

The research was conducted in two stages:

- Stage One: a scoping exercise with employers.
- Stage Two: telephone interviews with a sample of employers in England.

Stage One: Scoping Exercise
Eight employers took part in a scoping exercise about the future of work. The purpose of the scoping exercise was threefold:

- To find out which issues were relevant to employers when discussing the future of work, in order to ensure that the questions used in the main stage of the research would be relevant.
- To perform initial 'testing' on a draft questionnaire in terms of understanding of wording/phrasing (using cognitive probing techniques) and to provide an indication of the overall length of the questionnaire.
- To gather in-depth information that did not lend itself to a structured telephone interview. This was collected using three open ended questions about the priority organisations gave to flexible working, the actions necessary to enable employers to place greater emphasis upon flexible working and whether they had any evidence that allowing workers to operate more flexibly is improving business profits and productivity at their establishment.

Two members of GfK NOP's executive interviewing team were involved with this stage of the research. The team was briefed in advance of the interviews regarding the purposes of the exercise, and a full de-briefing took place on completion of the interviews.

Interviews were undertaken by telephone during the weeks commencing 24th April and 1st May 2006. The EOC provided a list of ten contact names at companies that were deemed to be 'best practice' employers in terms of their approach to innovative working practices and of these six were successfully recruited to interview. In addition, GfK NOP recruited two smaller establishments (with fewer than 100 employees) to participate in order to ensure that the views of a range of establishment types were included. A breakdown is summarised in the following table:

Table A2.1   Breakdown of the Stage 1 sample

SAMPLE TYPE	EOC supplied	6
	Other	2
BUSINESS TYPE	Heavy industry	1
	Technology	1
	Professional	5
	Customer services	1
	Public sector	0

Interviews lasted for 40-45 minutes. The research was well received by employers, and the main findings from the scoping exercise were used to refine the questionnaire that was used in the second stage of the survey. Some questions worked better than others, therefore GfK NOP and the PSI recommended that various questions be revised or excluded from the survey.

However, the questionnaire proved over long during the cognitive phase, taking 28 minutes for respondents to complete (instead of the 15 minutes target length). Following completion of the depth interviews, the PSI and GfK NOP worked together to refine and reduce the length of the questionnaire for the main stage telephone survey. This questionnaire was submitted to the EOC for further comment and amendment before being finally approved.

Stage 2: Telephone Survey
A telephone methodology was chosen for stage two, as this is a fast and efficient means of collecting data over a wide geographical area. It was agreed that the survey would be establishment based and the respondent would be the Human Resource Director or the most senior person responsible for personnel matters at the site (at small establishments, this was often the manager or owner). This approach ensured that the data collected would be comparable to that produced from other Government surveys which had been carried out into this area.

Sample
The sample for the survey was purchased from Experian, a database of private and public sector establishments with good coverage for England. The sample was stratified first by size (number of employees) and then by industrial sector (based on Standard Industrial Classifications (SIC) 2003). Quotas were then set per size/sector cell. This is a standard approach for business surveys and ensured that sufficient coverage of large establishments and industrial sectors was obtained (although large companies are relatively rare in the business population, they employ a large proportion of the workforce and are therefore influential in terms of future of work policies).

The criterion for inclusion in the survey was that the establishment should have five or more employees so that data were comparable with other similar surveys carried out into this area.

TIS Pilot
Before the start of main-stage fieldwork a pilot of the main-stage questionnaire was held between 17th and 18th of May with experienced interviewers at GfK NOP's telephone interviewing centre in Luton. A total of 20 interviews were achieved. The sample breakdown was as follows:

Table A2.2   Breakdown of the Pilot sample

Sample Type	Number of completes
Agriculture	3
Finance	3
Manufacturing	4
Public administration	3
Transport	2
Wholesale	5
5-49 employees	14
50-199 employees	4
200+ employees	2

Feedback about the questionnaire was very positive and only a few small changes needed to be made following the pilot. The final signed off questionnaire for the survey was 18 minutes in length and this was approved by the EOC prior to main stage interviewing.

Briefing
Prior to starting the telephone survey, the interviewing team was briefed by an executive working on the project in order that they gained a good understanding of the aims and objectives of the research, and to give interviewers the opportunity to ask questions relating to the project. The areas for investigation during the telephone study were:-

- Background information about the establishment.
- The extent of current benefits and flexible working opportunities available to employees and those planned to be introduced in the future.
- The reasons why flexible working methods had/had not been introduced.
- Experience of recruiting staff.
- Current and future problems that the establishment faced.

Main stage interviewing
Main stage fieldwork was conducted between the 25th of May to the 23rd of June. 915 interviews were achieved and the total interview length was 18 minutes. The sample breakdown, including the target and actual number of interviews achieved, is provided below:

Whilst most of the target quotas were achieved, a few proved difficult to fill and therefore, towards the end of fieldwork, some quotas were relaxed so that the total number of interviews were achieved within the specified fieldwork period (the quotas affected were transport 200+, finance 200+ and manufacturing 50+).

Following data collection, a number of establishments were assigned to a different quota group on the basis of the information that they provided about their

establishment. This information was coded to SIC 2003 and the final establishment breakdown is provided in Table A2.4.

Table A2.3   Targets/achieved interviews by sector quota group

Quota - description	Target number of interviews	Completed interviews
Agriculture: 5-49 employees	70	70
Agriculture: 50-199 employees	20	22
Agriculture: 200+ employees	10	10
Finance: 5-49 employees	80	86
Finance: 50-199 employees	50	49
Finance: 200+ employees	20	15
Manufacturing: 5-49 employees	80	85
Manufacturing: 50-199 employees	50	47
Manufacturing: 200+ employees	20	18
Public administration: 5-49 employees	110	124
Public administration: 50-199 employees	50	50
Public administration: 200+ employees	30	29
Transport: 5-49 employees	60	60
Transport: 50-199 employees	40	44
Transport: 200+ employees	20	16
Wholesale: 5-49 employees	110	110
Wholesale: 50-199 employees	50	50
Wholesale: 200+ employees	30	30

Response rate

In order to achieve the target number of interviews in the time allotted, 5,219 pieces of eligible sample were tried and, of these, 915 interviews were achieved - a percentage of 18%. This is not a response rate as such; it illustrates how many leads were needed to achieve the quotas in the time available. More interviews could have been achieved from the sample if necessary and if there had been a longer time period to carry out fieldwork.

Weighting

Following completion of fieldwork, data were weighted to reflect the distribution of businesses by size and sector across England using data from the Interdepartmental Business Register. Up to date counts were supplied by National Statistics pertaining to the sample structure used for the survey.

Table A2.4   Targets/achieved interviews by size quota group

	5-49	50-199	200+	Total
Agriculture, mining and utilities	63	17	9	**89**
Manufacturing and construction	83	54	20	**157**
Wholesale, retail and hospitality	121	53	31	**205**
Transport, storage and communication	57	38	14	**109**
Finance, real estate and other business activities	87	47	13	**147**
Education, health and other public/personal service	124	53	31	**208**
Total	**535**	**262**	**118**	**915**

Table A2.5   Achieved England sample (weighted)

	5-49	50-199	200+	Total
Agriculture, mining and utilities	18	1	*	**19**
Manufacturing and construction	133	16	4	**153**
Wholesale, retail and hospitality	322	19	4	**345**
Transport, storage and communication	38	6	2	**46**
Finance, real estate and other business activities	172	17	5	**194**
Education, health and other public/personal service	132	22	4	**158**
Total	**815**	**82**	**18**	**915**

APPENDIX 3: Details of surveys used for comparative purposes

Change in Employer practices (CEPS)
Second Work-Life Balance study (WLB2)
Workplace employment relations survey (WERS04)

	Year	Sample size	Workplace size	Sampling frame	Interview method
CEPS	2002	2000	5 plus	Yell Data*	Telephone
WLB2	2003	1509	5 plus	IDBR	Telephone
WERS04	2004	2295	5 plus	IDBR	Face-to-face
FOWTEP	2006	900	5 plus	Experian	Telephone

* Previously known as BT's Business Database

APPENDIX 4: Characteristics of surveyed employers

In order to provide a clear picture of the type of establishments interviewed for the 2006 Future of Work, Employers Perspective survey (FOWEP 06), Table A4 provides a comprehensive description of the employers' characteristics.

Table A4   Employer characteristics

	Per cent:
Type of employees	
Employ scientists, engineers or technologists	21
Employ skilled construction workers	9
Formal status of establishment	
Private sector	81
Public sector	12
Other non-profit making	5
Sector	
Agriculture, mining and utilities	2
Manufacturing and construction	17
Wholesale, retail and hospitality	38
Transport, storage and communication	5
Finance, real estate and other business activities	21
Education, health and other public services	17
Open for business	
Open 5 days a week	47
Open 6 days a week	19
Open 7 days a week	34
Open up to 8 hours a day	33
Open 9-12 hours a day	47
Open 13-23 hours a day	11
Open 24 hours a day	9
Open 24/7	7
Proportion of respondents using PC or other equipment	
1-24% of staff use PC or other computerised equipment	26
25-74% of staff use PC or other computerised equipment	26
75-99% or more of staff use PC or other computerised equipment	10
100% of staff use PC or other computerised equipment	33
Trade unions	
Employees represented by trade unions	20
Proportion of workforce made up of men or women	
80-100% of workforce men	29
80-100% of workforce women	17

Base: 915 employers