

Flexible Working As A Source Of Competitive Advantage

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Abstract:

Flexible working Hours and Work from Home are seen as soft factors in business management. However these can be source of tangible benefits in cost reduction, better employees and more production. Hence flexible working hours can be a source of competitive advantage. Flexible working should not be seen as a new age business management fad, but a competitive tool that offers business advantage.

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I. Introduction

During Covid pandemic, Work from Home became a necessity and not a choice. After that many organisations are contemplating if strictly Work from Office is necessary. Is it possible to have Flexible Working – work from anywhere, work whenever, work any amount of time.

Of course employees strongly prefer flexible working. Indeed various surveys indicate that almost 60% to 80% of employees prefer flexible working.

However there is a resistance from organisations to switch to flexible working. Indeed in India after Covid, Work from Home has almost completely ended.

But flexible working can actually be a source of competitive advantage. This paper proves that work from home can be a competitive advantage by reducing salary bills, office rents and in attracting better employees.

What is Flexible Working?

Before we understand what flexible working is, we need to understand the normal working.

In normal working have three characteristics:

1. You can work only from office or factory or shop
2. You can work only from 9 am to 5 pm, Monday to Friday or any other stipulated time.
3. You have to work 40 hours a week or more if overtime is required.

Thus normal working is rigid in terms of where you can work, when you can work and how much you can work.

As opposed to this Flexible working offers three forms of flexibility:

1. You can work from home
2. You can choose your own working hours
3. You can work any number of hours per week

Of course there are hybrid models that combine the above three or rigid working with flexible working.

The kind of flexibility chosen can be designed differently by innovation. Employees strongly prefer flexible working with studies showing that 60 to 80% of employees prefer flexible working.

Flexible working can offer tangible benefits to organisations that can show demonstrable benefits.

Types of Flexible work

There are various ways to implement flexible work.

- a. Hybrid work – There can be various ways where hybrid work can be implemented. In this some employees may work on site and others will work off site. A modification could be where some employees may work on site on some days and off site one other days depending on preference, objectives and circumstances.
- b. Telecommuting – This means working outside an employer's office or work space. Often it will mean working from home but it could equally mean working from anywhere else
- c. Remote work – This is almost exactly same as telecommuting, except perhaps in remove work physical attendance is never required.
- d. Condensed work week – In this the total number of working hours stay the same, but they are compressed into fewer number of days
- e. Flexitime – In this the number of working hours stays the same and yet employees are free to choose their working schedule as they like
- f. Part Time work – In this the employees can chose to work for fewer number of working hours per week than a full time job.

- g. Shift work – This is old, but in this different groups of employees work during different times. Especially prevalent in factories working 24 hours a day and 7 days a week.
- h. Job Sharing – In this two people working part time share job that is usually done by 1 person employed for full time.

Advantage and Disadvantages of Flexible Work

Increased Productivity

Flexible working hours can help boost productivity by allowing employees to work during their most productive hours.

Improved Work Life Balance

Flexible work means that employees can have a work life balance and this is especially important for people with families.

Higher Employee Satisfaction and Motivation

Flexible Work can lead to higher work life balance and motivation. This can lead to increased productivity and improved performance.

Reduced Absenteeism and Turnover

Flexible working hours can help reduce absenteeism and turnover. When employees are able to manage their work and personal responsibilities they are less likely to need time off or leave their jobs.

Better Recruitment and Retention of Talent

Flexible working can help attract and retain talent

Improved Relations between Workers and Supervisors

Flexible working hours can improve relationship between workers and supervisors.

There are some disadvantages to Flexible Working Hours

Difficulty in Managing and Supervising Employees

Managing and Supervising employees who work flexible hours can be challenging. Employers may need

Potential for Reduced Collaboration and Communication

Flexible working hours can reduce opportunities for face to face communication and this can lead to communication breakdown

Increased risk of burnout and overwork

Flexible working hours can lead to increased risk of burnout as they may work outside normal working hours.

Difficulty in maintaining work life boundaries

Actually flexible work could back fire as employees may find it difficult to switch off from work.

Potential for Decreased Job security and benefits

Employers may be less inclined to offer the same level of job security and benefits to employees who work flexible hours.

However these disadvantages can be overcome by proper planning and intelligent execution.

Survey Conducted by Author

The author conducted a survey among 25 professionals and the results were shocking. 84% of professionals preferred work from home.

When the same survey was conducted among CEOs the results were diametrically opposite.

Work from Home is Good

Question: Is work from home good?

V Krishnanram, CEO, Emerald Resilient Tyres Pvt Ltd

Answer: No, work from home is not good because it decreases the work efficiency of the employees.

Nidhi Lauria, CEO, Bharti Airtel

Answer: No, for today's scenario work from office need to be done so that we can monitor all employees working capabilities.

Sanjeev Malik, CEO, Lexus

Answer: No, in our industry nothing is doable on work from home, so we need to do work from office.

Clearly while professionals prefer work from home, industry leaders and heads of organisations are not very enthusiastic about work from home.

Flexible Working is getting Popular

However flexible working is getting popular. More than 60% of business leaders consider flexible working as feasible. As per DocuSign's survey of 450 decision makers in UK, more than 75% think that flexible working offers competitive advantage.

A McKinsey survey with Ipsos to query 25000 Americans showed that flexible working is catching up and almost 58% of employees work from home at least 1 day a week and almost 35% of employees work from home for 5 days a week.

Another survey conducted by WorldAtWork and FlexJobs finds that most companies offer flexible job arrangements. Almost 84% of companies offer flexible work arrangements. 48% of managers believe that teleworkers are as efficient as office workers. And 42% of managers believe that flexible working is critical to organisational success.

Work Life Balance

Work-life balance is becoming essential to happy, healthy employees who are more productive and engaged when they are at work. Flexibility in the workplace has a significant impact on a healthy work-life balance for several reasons.

A recent study shows that 73% of employees feel that flexible working increases their job satisfaction and 78% of employees feel it makes them more productive.

Employees are less stressed and feel happier with flexible working. They can devote more time to family and children. Hence employees are more productive when they are at work. For employers work life balance results in more productive employees who accomplish more.

Reducing Commuting Time

One of the greatest benefits of flexible working is that it reduces commuting time. As per 2019's global work survey performed by IWG, 40% of professionals consider their daily travel as worst part of the day.

Indeed commuting time and the pain associated with commuting is the strongest reason to introduce flexible working. People often ignore the importance of avoiding pain of commuting.

Indeed 54% of employees believe that choice of work location is more important than working for prestigious company. Almost 32% believe that choice of work location is more important than acquiring a high prestigious role in a company. Indeed 25% of employees prefer to work close to work place. Hence 75% of businesses are switching to flexible working to reduce commute time and no other reason.

Of course reducing commuting could be good for the entire economy and environment as well, since it will bring down energy consumption and reduce pollution. High oil prices are result of more commuting and if commuting comes down oil prices will come down and this is good for economies of most nations of the world.

Resistance to Change

In India during Covid-19 pandemic, people did shift to flexible working. But after the end of Covid Pandemic organisations have returned back to business as usual. This is despite the fact that work from home well worked.

Then why did organisations return to business as usual when flexible work worked so well. And moreover almost 80% of employees preferred work from home.

For this we have to turn to a concept called resistance to change. Resistance to change is the unwillingness to adapt to a new situation or new ways of doing things. Apparently the resistance to change is due to the fear of unknown.

But flexible work is not unknown anymore. Providentially, humanity had to perforce accept work from home during the covid pandemic. But yet resistance to change continues. Other than resistance to change there is no good reason for not transiting to flexible work.

Western world is just as bad

It may be thought that western world is better in this respect, since there is greater acceptability of flexible work in Europe and America.

However, western world is just as bad. How else do you explain the fact that 4 day work week has not become common, though 5 day work is at least 100 years old. This is especially surprising considering the fact that productivity has improved by leaps and bounds in past 100 years, thanks in no small measure to information technology.

But if western world is hesitating in transitioning from 5 day work week to 4 day work week, then in India, many organisations are still scared to transition from 6 day work week to 5 day work week, even though in transitioning from 5 day work week to 4 day work week, the number of holidays double, but the number of working days only reduce by 16%.

It is the same resistance to change that causes great difficulty to control population. People in Asia continued to have more children even though it was uneconomical and the government was doing its best to control population. If Asia has managed to transition to replacement fertility level, Africa is still stuck with

many children per couple and it may take Africa until the end of this century to reach replacement fertility level. All this can be blamed on resistance to change.

It is the same resistance to change that prevents transition to flexible work, despite all stated benefits. It is high time the world overcomes resistance to change and reaps benefits of flexible work.

Stepping out of Comfort Zone

Basically stepping out of comfort zone is exactly the opposite of resistance to change. It is resistance to change that prevents us from stepping out of comfort zone.

But unless an individual steps out of comfort zone he will be stuck in stagnation. Humanity needs to step out of comfort zone for growth.

There are ways to step out of comfort zones. Suggestions to step out of comfort zone include

1. Consider what is the worst that would happen?
2. Surround yourself with confident people.
3. Take small steps
4. Acknowledge Fear
5. Keep objective in mind.

It is the art of stepping out of comfort zone and overcoming resistance to change that is necessary to transition to flexible work.

Reduced Salary Bills

The world is now largely becoming services industry. In most developed nations of the world agriculture contributes to only 1-2% of GDP and employs 1-2% of workers, manufacturing contributes to 15-25% of GDP and employs 15-25% of workers and services contributes nearly 75-85% of GDP and employs 75-85% of workers.

It should be obvious that in services industry the salary bills will form huge component of cost. Admittedly in manufacturing the materials costs are a significant component of costs, but in services organisations, the salary bills are huge portion of the costs.

Now survey indicate that 60 -80% of employees prefer work from home. What is more is that these employees are willing to take a 10-20% salary cut to switch to flexible working. Just imagine if organisations are able to reduce their salary bills by 10 -20%. This will very obviously increase their profitability by 10% of their revenues. This means assuming that profits were 10% of revenues then you can almost double the profits to 20% of revenues.

Clearly if flexible workings can double the profits as a percentage of revenues it is worth considering.

In fact at a macroeconomic level, lower salary will mean greater level of employment. As economist know that level of employment is decided by the demand for workers and supply of workers at a given price.

And the supply curve for workers slopes upwards which means at higher salary more workers are available, whereas demand curve for workers slopes downward and that means at lower salary more workers are demanded.

So if workers are willing to work at lower salary then that means the demand and supply will match at higher level of employment.

Thus flexible working if not only good for employees, and businesses, but also government as it reduces unemployment rate as more people can be hired since workers are willing to work at lower salary.

Again if employees are willing to work at lower salary this will bring down costs and thus reduce prices and thus reduce inflation as well.

Thus flexible working will reduce both inflation and unemployment.

Reducing Rent Bills

If employees work from home, there is no need for office space. Or at the very least office space can be drastically reduced.

Now office rents are very high in big cities. And besides rents, there is electricity, equipment and housekeeping and security and catering and many other additional overhead costs. Indeed office rents in New York or London for office for 100 employees can be as much 3 million dollars, which adds up to 30,000 dollars per employee. This amount is almost 50% of salary of an average employee.

Clearly if employee costs including overheads can be reduced by up to 50% by saving on office rents, this will obviously have an immediate effect on costs and thus on bottom line as well as top line by increased sales due to reduced prices. Thus by reducing rent bills by work from home organisations can increase profits, reduce costs and increase revenues as well due to lower prices.

At a macroeconomic level, if office spaces are not required anymore, then the real estate prices will come down crashing. This will mean people can have houses at lower costs and this will bring down rent drastically. Again this will help people shift to smaller towns or even villages and this will reduce rents further.

When rents reduce salaries can be further reduced and this will increase employment levels. Furthermore reduced rents will mean higher real incomes. And this will help reduce poverty. Thus flexible working can reduce poverty as well by reducing rents, since office spaces are not required.

Better Employees

Every organisation is competing to attract and retain the best employees. Indeed quality of employees is the only differentiating factor in long run. Now flexible working can not only reduce salary bills, but also attract and retain the best employees.

And if you attract best employees, you can sell more, produce more, innovate more, have more quality, reduce costs, and gain all advantages possible, since employees are the only differentiators in long run.

There is considerable management literature that says Theory Y of management as opposed to Theory X of management can create more innovative and productive employees.

Now this refers to Douglas McGregor's contribution to management that discusses Theory X, where employees are closely monitored and considered irresponsible as opposed to Theory Y where employees are allowed freedom and are presumed responsible.

Clearly Flexible working is of Theory Y and this will make employees more productive by making them more responsible.

II. Conclusion

Flexible working can offer tangible benefits to organisation by reducing salary bills, rent bills and attracting better employees. Flexible working should not be seen merely as business management fad, but a competitive differentiator that can give an organisation an edge in market place. Organisations must seriously consider how flexible working can improve organisation financially.

There are three areas where work needs to be done on Flexible Working. Firstly employees must make it clear that they prefer flexible working. This can be done through unions and communicating clearly to employers. Secondly organisations must themselves take initiative with flexible working. Organisations must experiment with flexible working and conduct in house surveys. Finally a great deal of initiative must be taken by governments of nations because flexible work offers advantage to both individual organisations as well as to the entire economy.

The first advantage out of flexible work is that it will reduce salary expectation of employees. This will mean greater employment since at lower salary there will be greater demand for workers. This will reduce unemployment. Secondly, lower salaries will reduce costs and this will bring down the prices of goods and thus reduce inflation.

The second advantage of flexible work will be that it will bring down the rent in the nation and make real estate less expensive since lots of office spaces can be converted to residential places as office spaces are no longer required. Thus housing will be cheaper and this will once again reduce salary expectations reducing both unemployment and inflation. Furthermore, lower rents will reduce poverty by increasing real income.

Finally, flexible work will reduce commuting and this will reduce oil prices and thus improve economy. Furthermore less commuting means less pollution as less oil will be consumed. Again lower oil consumption means lower oil prices and this will lead to faster growth and lower inflation.

Thus there are many advantages to economy as well due to flexible working besides offering competitive advantages to organisation through lower salary bills, more productive employees and lower rent expenses.

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