



Topic #4

Managing Flexible Work Arrangements

Scope—This article provides an overview of practices concerning the use of flexible work arrangements as a strategic staffing management solution. It addresses the opportunities and challenges associated with adopting and managing flexible work arrangements, the types of flexible work arrangements, and the legal issues associated with such arrangements.

Overview

When assessing an organization's ability to meet strategic goals through its human resources, one topic to be addressed involves flexible work arrangements. HR professionals are charged with the operational aspects of implementing flexible work arrangements to meet strategic goals.

This article addresses:

- The opportunities and challenges associated with flexible work arrangements in general.
- Types of flexible work arrangements in widespread use and particular issues associated with them.
- Legal issues arising out of flexible work arrangements.

There are two broad categories of flexible work arrangements: schedule flexibility and location flexibility.

Business Case

Flexible work arrangements can improve recruitment and retention efforts, augment organizational diversity efforts, encourage ethical behavior, and help the organization's efforts to be socially responsible. Employers can experience cost savings, improved attendance and productivity, and an increase in employee engagement. See *Leveraging Workplace Flexibility for Engagement and Productivity* (www.shrm.org/hr-today/trends-and-forecasting/special-reports-and-expert-views/documents/leveraging-workplace-flexibility.pdf).

HR's Role

As is often the case, a foundational function of HR professionals in the area of workplace flexibility is convincing upper management of the strategic benefits to be gained by offering workplace flexibility. Once workplace flexibility programs are approved, they must be implemented through policies and procedures. HR professionals are key in this process. Ironically, the greatest impediment to implementing flexible workplace initiatives may come from employees and midlevel supervisors. An employee who shows up for work on time every day may resent employees who telecommute. A supervisor who is short-staffed may view the organization's flexible work arrangements as a trendy endeavor that hinders productivity. HR professionals need to be well informed about the benefits of flexible workplace arrangements, and be ready to communicate them whenever issues such as these arise.

Background

Economic downturns force many companies to reduce expenses and the level of benefits they provide to employees. To offset the sting of cuts to benefits programs, an increasing number of companies offer flexible work arrangements to enhance work/life balance, improve morale and prevent the loss of valuable employees. Results from a 2014 SHRM survey (www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Pages/2014-shrm-strategic-use-of-benefits-flexible-work-arrangements.aspx) reveal that 48 percent of employers offer one or more flexible work arrangements to employees.

Weighing the Opportunities and Challenges

Many U.S. workers now consider work/life balance and flexibility to be the most important factors in considering job offers. In fact, 64 percent of Millennials would like to work from home occasionally, and 66 percent of non-Millennials would like to sometimes shift their work hours, according to a 2013 Pricewaterhouse Coopers (PwC) study (www.shrm.org/ResourcesAndTools/hr-topics/talent-acquisition/Pages/Millennials-Drive-Change-in-Workplace.aspx). See *Also What Does Generation 'Why?' Really Want?* (www.shrm.org/ResourcesAndTools/hr-topics/behavioral-competencies/global-and-cultural-effectiveness/Pages/WhatDoesGenerationWhyReallyWant.aspx)

However, offering flexible work arrangements can involve a paradigm shift for organizations, especially smaller ones that may not have the critical mass of technology, budget, management and competitive flexibility necessary to make extensive use of flexible work arrangements.

Opportunities

Flexible work arrangements offer numerous benefits to both employers and employees. Such benefits include:

- Assisting in recruiting efforts.
- Enhancing worker morale.
- Managing employee attendance and reducing absenteeism.
- Improving retention of good workers.
- Boosting productivity.
- Creating a better work/life balance for workers.
- Minimizing harmful impact on global ecology. Certain flexible work arrangements can contribute to sustainability efforts by reducing carbon emissions and workplace "footprints" in terms of creation of new office buildings.

See *Workplace Flexibility Necessary for Business, Speaker Says* (www.shrm.org/ResourcesAndTools/hr-topics/technology/Pages/Workplace-Flexibility-Necessary-for-Business,-Speaker-Says.aspx).

A companywide Unilever policy permits 100,000 employees—everyone except factory production workers—to work anytime, anywhere, as long as they meet business needs. Leadership identified the following benefits when making the business case for the policy:

- **Travel.** Conferencing technology like Skype would reduce travel expenses.
- **Technology.** Upgrading technology would help the company stay competitive and build Unilever's brand as a best place to work. Costs would be offset by other savings.
- **Real estate.** Cubicles and offices would be converted to communal facilities, thereby reducing space requirements by 30 percent. Sites would be converted gradually as leases expired.
- **Health.** Onsite fitness facilities would increase employee satisfaction, help reduce illness and cut insurance costs.
- **Work/life balance.** Empowering workers would enhance work/life balance. Satisfaction ratings would rise, and recruitment would become easier.
- **Sustainability.** Reducing travel, office energy costs and paperwork would decrease the environmental footprint.
- **Retention and engagement.** Flexibility would enhance the employer value proposition, improving retention and supporting diversity.

Challenges

Managers tasked with implementing strategic goals related to flexible work arrangements need to keep many things in mind:

- Keeping programs relevant to workers' real needs/wants.
- Focusing on the unique needs of specific groups of workers without creating a second class of workers and without engaging in unlawful disparate treatment or disparate impact discrimination.
- Communicating broadly to achieve the benefits of flexible work arrangements.
- Exercising caution when eliminating a program that is not working or is no longer relevant to enough workers. Any loss of a benefit can impair morale, even if only a few workers had used it. Employers should consider phasing out unproductive programs over time.

In addition, managing the change from a traditional work environment to one with more flexible work arrangements can create or throw a spotlight on various managerial trouble spots, such as:

- Upper management's resistance to change.
- Control issues, especially in terms of supervision of work.
- Working as a team with far-flung members and highly variant schedules.
- Maintaining safety and security of personnel and data.

Schedule Flexibility

There are several types of schedule flexibility:

- Flextime.
- Compressed workweek.
- Shift work.
- Part-time schedules.

- Job-sharing.

Not all types are manageable or worthwhile for all sizes and types of organizations, so every employer considering this arrangement should undertake an organizational assessment to determine whether and what kind of flexible scheduling will meet its needs.

From an industry perspective, Colorado-based HealthONE, a hospital services alliance, discovered that flexible work schedules could stem the loss of employees unable to fit their work around their children's school hours. Certain school districts in Colorado hold classes in a nine-weeks-on/three-weeks-off rotation, so HealthONE offered employees that same rotation in their work schedules. This approach was more cost-effective than replacing departing employees in an extremely competitive market for health care talent.

Flextime

Flextime is a type of alternative schedule that gives a worker greater latitude in choosing his or her particular hours of work, or freedom to change work schedules from one week to the next depending on the employee's personal needs. Under a flextime arrangement, an employee might be required to work a standard number of core hours within a specified period, allowing the employee greater flexibility in starting and ending times. See Workplace Flexibility: Flex Hours (www.shrm.org/ResourcesAndTools/hr-topics/benefits/Pages/WL-FlexHours.aspx).

Compressed workweek

Compressed workweek is an alternative scheduling method that allows employees to work a standard workweek of 40 hours over a period of fewer than five days in one week or 10 days in two weeks. For example, some employers implement a four-day workweek of 10-hour days. Employers get the same number of working hours, but employees have a three-day weekend every week. Another approach is the 9/80 schedule, in which employees work 80 hours in nine days and have one day off every other week. Among other demographics, employees whose family status involves child care or elder care responsibilities may find a compressed workweek to be of particular value. Employees save time and commuting expenses by reporting for duty on fewer days. Employers that convert their entire operation to a four-day workweek may save on the cost of utilities and other overhead. See Workplace Flexibility: Compressed Workweek (www.shrm.org/ResourcesAndTools/hr-topics/benefits/Pages/WL-CompressedWorkweek.aspx).

Shift work

Shift work has traditionally been used in manufacturing environments to maximize productivity from fixed resources and costs. More recently, shift work has become a feature of the 24/7 service economy and a byproduct of globalization. For example, supermarkets and computer help desks are now typically open 24 hours a day, seven days a week. Nowadays, a computer user calling for technical support during regular U.S. business hours is likely to end up speaking with a technician working the "graveyard shift" in India. Despite its extensive use in certain environments, shift work poses some practical challenges for some employers.

Part-time jobs

Part-time jobs are the most traditional of flexible scheduling options. This option is typically used when a job requires fewer than 40 hours of work per week. Part-time work can be used to attract a workforce that includes students, parents of young children, older workers and others who need or want to work but do not wish to work a full-time schedule. Although more commonly associated with jobs in retail and food service, some employers do have part-time professional employees. Part-time work can help organizations retain professionals who otherwise would be lost. See Workplace Flexibility: Part-Time Work (www.shrm.org/ResourcesAndTools/hr-topics/benefits/Pages/WL-PartTimeWork.aspx).

Job-sharing

Job-sharing is the practice of having two different employees performing the tasks of one full-time position. Each of the job-sharing partners works a part-time schedule, but together they are accountable for the duties of one full-time position. Typically, they divide the responsibilities in a manner that meets both of their needs as well as those of the employer. The practice allows for part-time schedules in positions that the employer would not otherwise offer on a part-time basis. It requires a high degree of compatibility, communication and cooperation between the job-sharing partners and with their supervisor. See Job Sharing Agreement (www.shrm.org/resourcesandtools/tools-and-samples/hr-forms/pages/flextime_jobsharingagreement.aspx).

Like part-time jobs, job-sharing arrangements may appeal particularly to students, parents of young children and employees nearing retirement, helping them balance careers with other needs. For employers, the practice may include retention of skilled employees, increased employee loyalty and productivity, and a measure of flexibility that can occur when two people fill one job slot.

Location Flexibility

Location flexibility refers to arrangements that make it possible for employees to work remotely from the main worksite. There are several types of location flexibility. Telecommuting is the most common. Other practices include hoteling and so-called snowbird programs.

Telecommuting

Telecommuting, also known as telework, involves the use of computers and telecommunications technology to overcome the constraints of location or time on work. In a global economy, physical location has become less important than efficiency of operations. Telework may occur from home, a telework center, or on an airplane or bus.

Telework is best suited for jobs that require independent work, little face-to-face interaction, concentration, a measurable work product and output-based (instead of time-based) monitoring. Nevertheless, telecommuting is not unknown in jobs—even HR jobs—that do not fit this mold. See 'People People' Work at Home, Too (www.shrm.org/hr-today/news/hr-magazine/Pages/0908hutchinson.aspx).

Telework also may be offered as a reasonable accommodation under the Americans with Disabilities Act.

Telecommuting has become a widely accepted practice, and most organizations that do permit it develop metrics to track their return on investment.

Telework may be of three different types:

- Regular, recurring telework, such as an employee spending every workday or regularly scheduled workdays working from a home office or other remote office.
- Brief, occasional telework, such as an employee writing a report or preparing a spreadsheet from a home office after hours or on weekends, or just working from home to avoid interruptions.
- Temporary or emergency work, such as working from home to ensure business continuity during inclement weather, a natural disaster or an event such as a political convention that causes significant traffic and parking disruptions.

Opportunities. Companies that give their workers the option of telecommuting report its benefits in greater productivity, lower costs, more options for finding and retaining qualified staff, and improved employee health, according to a survey of U.S. employers by the Computing Technology Industry Association (CompTIA). See Survey: Telecommuting Improves Employee Health, Productivity (www.shrm.org/resourcesandtools/hr-topics/benefits/pages/telecommutingimproveshealth,productivity.aspx).

Challenges. Despite its utility in a variety of situations, telecommuting does present challenges to both employers and employees. Among the possible negatives for employees are:

- Being out of the day-to-day flow of information.
- Being away from the hub of activity in terms of office politics, management and intellectual ferment.
- A negative impact on career advancement and perception that employees away from the office are not as available as those working in a traditional office setting.
- Distraction by spouse, children, pets and others in the workspace.
- A heightened feeling of being "owned" by the organization, in that the company now has a virtual presence in the employee's home.
- An expectation to be available outside of "normal" business hours.

From the employer's standpoint, downsides or extra effort associated with telecommuting might include:

- Establishing set expectations, trust and unique methods of evaluation to lead from a distance.
- The need to adopt strategies and procedures attuned to management of telecommuting workers.
- Dealing with workers disgruntled because they are not permitted to telecommute.

See HR Must Weigh Benefits, Pitfalls of Telework Arrangements (www.shrm.org/hrdisciplines/technology/articles/pages/benefits-pitfalls-telework-jim-reidy.aspx).

Hoteling

Hoteling is a practice associated with telecommuting. It involves having telecommuters reserve an office or workstation for their in-office days in lieu of assigning them a permanent work space. Hoteling can cut the organization's office space requirements and reduce costs. See Report: 'Hoteling' Employees at Patent Office Work More, Cost Less. (www.shrm.org/ResourcesAndTools/hr-topics/talent-acquisition/Pages/HotelingUSPTOEmployees.aspx)

Snowbird programs

Snowbird programs allow employees to transfer to an organization's location in a warmer region during winter months. A telemarketing operation or help-desk call center can be physically located anywhere. An organization might be able to attract a better and larger labor force (including older persons) if, for example, it had a program allowing employees to spend winter months working in Florida or Arizona. Pharmacy company CVS Caremark, with 200,000 U.S. employees, offers a snowbird program that allows pharmacists to migrate south to places such as Florida for the winter.

Legal Issues

Applicable laws should play a major role in the decision of whether to implement flexible work arrangements. Below are some legal issues to consider in terms of alternative work arrangements.

Equal employment opportunity compliance

Equal employment opportunity laws mandate nondiscrimination in wages, hours, and other terms and conditions of employment. Accordingly, employers should take steps to ensure that all such arrangements are offered and implemented without discrimination on any prohibited basis. Despite an organization's best intentions and nondiscriminatory business motivations, however, some groups of employees may reap more of the benefits of flexible work arrangements than others, simply because their circumstances make such options more attractive to them. As with all other employment practices, clear policies, consistent decision-making and careful documentation are needed to fend off possible discrimination charges.

Wage and hour compliance

Employers must be mindful of both federal and state wage and hour laws in implementing flextime. For example, if nonexempt employees are allowed flextime, it is especially important to track their actual work hours to ensure compliance with the Fair Labor Standards Act (FLSA). Mechanical and computerized time clocks are valuable tools in this regard. See *Overtime Rule May Reduce Telecommuting Options* (www.shrm.org/ResourcesAndTools/legal-and-compliance/employment-law/Pages/Overtime-Rule-May-Reduce-Telecommuting-Options.aspx).

State wage and hour laws may pose challenges to the use of flexible work arrangements, such as daily overtime requirements. See *Managing Workplace Flexibility in California* (www.shrm.org/templatestools/toolkits/pages/californiamanagingworkplaceflexibilityincalifornia.aspx).

Telecommuting raises even more issues, including:

- Identifying compensable working time.
- Controlling unauthorized off-the-clock work.
- Controlling unauthorized reported work.
- Managing overtime pay obligations.

See *Overtime: Eligibility: Are employees working a compressed workweek and paid bi-weekly entitled to overtime in the week they work over 40 hours?* (www.shrm.org/ResourcesAndTools/tools-and-samples/hr-qa/Pages/cms_011787.aspx)

Benefits compliance

Under the Employee Retirement Income Security Act (ERISA), the "1,000-hour rule" makes employees who have completed 1,000 hours of service in a period of 12 consecutive months eligible to participate in any company retirement or profit-sharing plan that is offered to other employees. For plan years beginning after Dec. 31, 2020, the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 (<https://www.congress.gov/bill/116th-congress/house-bill/1994/text#toc-H62F5A573E15440BD961FD2E632DBB787>) requires employers to allow long-term part-time workers to make elective deferrals to the employer-sponsored 401(k) plan, except in the case of collectively bargained plans. Eligible employees will have completed at least 500 hours of service each year for three consecutive years and are age 21 or older. Years of service prior to 2021 do not have to be counted; however, employers may choose to have more generous eligibility rules.

Eligibility for most benefits (for example, vacation, sick leave, medical insurance, retirement benefits, life insurance and most disability plans) is at the employer's discretion under federal law, but may be mandated by state law. Employers should verify their compliance with any applicable benefits mandates, ensure that their policies clearly state the eligibility requirements for particular benefits and administer their policies consistently. See *Are we legally required to offer benefits to part-time employees?* (www.shrm.org/ResourcesAndTools/tools-and-samples/hr-qa/Pages/partimebenefits.aspx)

Other legal issues

When an organization allows persons to work from their home offices exclusively or in addition to working from corporate facilities, a number of additional legal issues can arise.

- **Workers' compensation.** If a telecommuter is injured while working at home, is the injury covered by workers' compensation? Many workers' compensation laws do not distinguish between home-based and central-office-based workers. Injuries to home-based employees can be particularly problematic because of the employer's inability to control the physical working conditions and the potential for fraud.
- **Occupational safety and health.** On February 25, 2000, the Occupational Safety and Health Administration (OSHA) issued a policy on "home offices" (defined as "office work activities in a home-based work site"), indicating the agency "will not conduct inspections of the employee's home offices," "will not hold employers liable for employees' home offices" and "does not expect employers to inspect home offices of the employees."

See Home-Based Worksites (https://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=DIRECTIVES&p_id=2254).

- **Disability accommodation.** Telecommuting is sometimes requested as a reasonable accommodation under the Americans with Disabilities Act. Employers are not obligated to agree to such an accommodation in all cases, but they are required to engage in the standard give-and-take with respect to a requested accommodation.
- **Privacy and confidentiality.** Such concerns are particularly difficult to address in a telecommuting environment. As telecommuting becomes more common, employers must address the unique issues that arise from use of e-mail and the Internet by the home-based worker.
- **Independent contractor status.** Sometimes employers attempt to avoid legal issues by classifying all offsite workers as independent contractors. If the individuals are not truly independent contractors, however, the employer may create more problems for itself than it solves by taking that approach. Just because an individual works off the company premises does not mean he or she is a legitimate independent contractor.

See Flexible Work Arrangements: A Compliance Checklist (www.shrm.org/ResourcesAndTools/hr-topics/benefits/Pages/Flex_Compliance.aspx).

Global legal issues

European governments tend to be more aggressive than the United States in terms of mandating employee benefits. Some countries already require employers to offer flexible work arrangements to some degree, and it appears that this trend will continue. Flexible work arrangements also are becoming part of the Asian employment market and emerging markets.

The pace of globalization may drive similar legislation in the United States in the coming years. Atypical of the current situation in the United States, such globalization of standards may usher in the right to part-time work, job-sharing, flextime, compressed working hours, staggered hours, annualized hours and reduced hours for a limited period.

See:

- Work/Life Effectiveness in Asia: One Size Doesn't Fit All (www.shrm.org/ResourcesAndTools/hr-topics/benefits/Pages/WorkLifeAsia.aspx)
- Flexible Work Options: 'Profound' Contradiction in Leaders' Attitudes (www.shrm.org/hr-today/news/hr-news/Pages/profoundcontradiction.aspx)
- Indian Firm Helps Women Find Jobs Offering Flexibility (<http://www.shrm.org/hrdisciplines/global/Articles/Pages/IndianFlexibility.aspx>)

Templates and Tools

Samples

Flextime: Flexible Work Arrangement Agreement (www.shrm.org/ResourcesAndTools/tools-and-samples/hr-forms/Pages/1cms_020292.aspx)

Telecommuting: Telecommuting Policy and Procedure (www.shrm.org/ResourcesAndTools/tools-and-samples/policies/Pages/telecommuting_policy.aspx)

Flexible Schedules: Flextime Policy (www.shrm.org/ResourcesAndTools/tools-and-samples/policies/Pages/cms_007473.aspx)

Flexible Schedules: Alternative Work Schedule Policy and Procedure (www.shrm.org/ResourcesAndTools/tools-and-samples/policies/Pages/cms_000593.aspx)

Flexible Schedules: Compressed Workweek Policy and Procedure (www.shrm.org/ResourcesAndTools/tools-and-samples/policies/Pages/cms_005020.aspx)

Flexible Schedules: Summer Flextime Policy (www.shrm.org/ResourcesAndTools/tools-and-samples/policies/Pages/cms_012430.aspx)

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