









The nature and pattern of family-friendly employment policies in Britain

Against the background of government attempts to encourage employers to adopt more flexible working arrangements, this research analyses a nationally representative survey of employers in Britain, the 1998 Workplace Employer Relations Survey, to find out which employers offered and which employees had access to such family-friendly arrangements. The data also provided information about whether such arrangements made any difference either to employees' sense of commitment to their employer or to the success of the business. The research, conducted by Shirley Dex and Colin Smith at the Judge Institute of Management, Cambridge University, found that:

-  **Employers in large organisations, in the public sector and with recognised unions were more likely to offer flexible working arrangements to their non-managerial employees.**
-  **The incidence of flexible working arrangements was also associated with employers who had good human resources policies.**
-  **Increased employee commitment was associated with employees who thought the establishment had a caring ethos.**
-  **After controlling for many other determinants, family-friendly policies were found to be associated with improvements in employee commitment in private sector but not public sector establishments.**
-  **Approximately nine out of ten establishments with some experience of these policies found them cost effective.**
-  **Increases in performance in five or six performance indicators were associated with having family-friendly arrangements.**
-  **These results suggest that there is a business case for offering flexible working arrangements in private sector businesses, although the effects are relatively small.**
-  **One other challenge for policy is to extend family-friendly policies to men and men's workplaces. In some cases this involves tackling the introduction of flexible working in male-dominated craft-based workplaces in skilled manufacturing industries.**

Background

There has been growing interest in family-friendly working arrangements. In the context of increasing business and family pressures, this interest has developed as a potential way of helping families and employers to cope with the real life problems of being carers and employees in a competitive business environment. It is perhaps not surprising that government initiatives have emerged to address some of these issues.

While the extent of such flexible working arrangements is now fairly well charted, there is still a need for a more detailed understanding of which employers offer such arrangements and to which employees. It is also not so clear why organisations adopted the family-friendly policies they do. A better understanding of their motivation and any predisposing or encouraging factors could be used to encourage a wider range of employers to do the same.

A greater understanding is also needed of whether business outcomes and performance are influenced by family-friendly policies. It may be that good performance outcomes found in case studies have some cause other than family-friendly policies, or are limited to the case study companies because they have other features that predisposed them to success. All of these questions required large-scale, nationally representative survey data containing a range of information about each organisation. The collection of the Workplace Employee Relations Survey (WERS) data in 1998 provided a valuable opportunity to address these questions. The research controlled for a wide range of variables such as the structural characteristics of the employer, its human resource policies and practices and the employer's workforce profile.

Flexible or family-friendly working arrangements

The data available from the WERS covered non-managerial employees' entitlements to:

- parental leave;
- job sharing;
- working only during term-time;
- working at or from home during normal working hours;
- a change from full- to part-time hours;
- workplace or other nursery provision;
- help with the costs of child care;
- flexitime;
- paternity leave for all employees;
- time off for emergencies for all employees.

Employers' family-friendly policies

Family-friendly or flexible working arrangements were more common in larger organisations and in the public sector, and where there were:

- lower degrees of competition;
- recognised unions;
- human resource specialists;

- good performance;
- management practices aimed at motivating employees to give high levels of commitment;
- more involvement of employees in decision-making;
- equal opportunities policies that were implemented and monitored;
- larger proportions of women in the workforce;
- a highly educated workforce using discretion.

Human resource policies aimed at increasing employee commitment were likely to be associated with having family-friendly policies. So were unions. This finding contrasts with the view that the decline of unions was necessary for flexible working arrangements to come in. In fact, it seems that unions in both the public and private sectors have been instrumental in developing family-friendly solutions to the work-family conflict. This challenges the view that Britain's economic prospects are tied to a non-unionised, minimally regulated, low-waged economy. More flexible family-friendly working arrangements have clearly developed both in unionised workplaces and those with management strategies which aimed at high commitment.

The findings also suggested that smaller establishments might be relatively family-unfriendly. However, against this there is evidence from other case studies which suggests that smaller organisations can have quite a lot of flexibility, but not the sort that is necessarily counted in survey questions. The relationship of size to family-friendly provisions therefore remains to be confirmed.

Flexitime, homeworking and emergency leave stood out from the list of arrangements in a number of ways. The employers offering flexitime and emergency leave tended to have a lower skilled workforce and certain types of jobs: clerical and secretarial work in the case of flexitime. Homeworking was associated with a higher skilled male workforce but was also less likely where the needs of customers or the operations required a constant presence in the workplace.

Employees' use of the policies

According to the employers who offered their non-managerial employees at least one flexible working arrangement, for the most part only a small proportion of employees had taken up any of the entitlements.

Employees' access to family-friendly policies

Employees' access to the various flexible working arrangements can be characterised as follows.

- Access to parental leave and childcare was mainly associated with a predominantly female workforce and those with young children.
- Access to job share was also associated with employees' life stage, but in addition with clerical and secretarial work.

- Homeworking was associated with certain types of men's jobs, where fringe benefits were used as rewards, and for more senior employees.
- Emergency leave was related to a predominantly female workforce at certain points in the family life cycle but specifically at the lower ends of the skill and labour market hierarchies.
- Flexitime stands out from the other arrangements in being less influenced by the pressure to accommodate to family demands. It was available to single people, and occurred more often in jobs that were clerical/secretarial, part time, temporary or entailed overtime, where the workers had discretion without necessarily being highly qualified or where the workforces were mixed gender.

Employees' access to flexible provisions was determined by a mixture of:

- the (female) gender of the worker;
- their child care responsibilities;
- traditional values as reflected in the gender of working groups;
- the constraints of the job;
- the potential for flexibility in the job without particular arrangements being needed;
- fringe benefits resting on seniority and trust;
- the desire to offer flexibility as a perk to some valued employees.

The examination of the employees' characteristics showed a large overlap with the employer profiles described above. To a large extent the findings also overlapped with the results of other studies of EU employees (including a sample of UK employees).

Effects on employee commitment

Family-friendly policies relating to childcare and working at home were found to be associated with improvements in employee commitment in private sector establishments, but not in public sector organisations. The effects of employers' family-friendly policies were found to be relatively small compared with other predictors of employee commitment. Where employees, but not the employer, thought the organisation had a caring ethos, it was found to be an important determinant of increased employee commitment. The fact that other control variables play a bigger part in explaining employee commitment does not detract from the importance of these findings for family-friendly policies.

An explanation for the poorer record of commitment for the public sector employees who had access to flexible working arrangements was not possible with this study, although statistical anomalies were ruled out as an explanation for these sectoral differences.

Effects on workplace performance

Approximately nine out of ten establishments with some experience of these policies found them cost effective.

This research examined the potential effects of family-friendly working arrangements on the business case and other measures of financial and human resource performance. Family-friendly policies are associated with small amounts of improved performance in the private sector. Using employers' (subjective) assessments of their workplace's performance, the following statistically significant associations were noted:

Above average *financial performance* was associated with the workplace having:

- paternity leave;
- job sharing.

Above average *labour productivity* was associated with:

- parental leave (non-statutory);
- paternity leave;
- the opportunity to change from full- to part-time hours;
- a higher number of family-friendly policies.

Improvements in *quality performance* were associated with:

- term-time only work;
- the opportunity to change from full- to part-time hours;
- help with childcare;
- a higher number of family-friendly policies.

Rising *sales value* over the last year was associated with:

- job sharing;
- the opportunity to change from full- to part-time hours;
- a higher number of family-friendly policies.

Reduced percentage *labour turnover* figures were associated with:

- job sharing;
- flexitime;
- help with childcare;
- working at or from home.

Average number of *days of absence* was not statistically associated with any family-friendly policies.

However, some performance measures appeared to suffer from the presence of certain family-friendly policies.

- Flexitime was associated with a reduction in financial performance.
- Emergency leave was associated with increases in labour turnover.
- Term-time work and possibly flexitime were associated with increases in absence.

Having a family-friendly ethos was associated with above average financial, labour productivity, quality and sales performances.

Clearly these findings challenge the idea that better performance results from holding down wages,

increasing work intensity and increasing hours of work, these so-called low road to business success. In contrast, our findings suggest that an economy based on knowledge and high amounts of added value, where workers have discretion and flexibility, is our best chance for success.

Implications for policy

If the desire is to encourage more British employers to adopt flexible working arrangements then a number of implications follow from this research.

If flexible working arrangements help employees, and they like them, as other evidence suggests, the business benefits and the relative absence of bad effects on performance is a good reason for pressing ahead. The public sector is the one area where some caution needs to be exercised.

There are pockets of the economy where flexible working arrangements have made relatively few inroads. These areas need most attention: manufacturing industries; the non-union sector where high commitment management practices are rare; and exclusively or predominantly male workforces. However, it is not a choice between unionised or high commitment management. Family-friendly policies can develop in both environments.

There are no guarantees that if other companies adopted the same practices they would necessarily reap the same benefits since organisations that do not currently have flexible working arrangements may conceivably be a selected sample of those who would benefit least if they were to introduce them. However, the results certainly suggest that companies which do not currently offer such arrangements should seriously consider introducing them. Other research has found that some smaller employers who resisted using flexible working arrangements did so because of their traditional attitudes. They also resisted changes in new technology. It would be regrettable if employers missed potential performance benefits because of a reluctance to introduce change.

Family-friendly working arrangements were more common among employers adopting human resources policies and practices associated with being a 'good employer'. These included aiming at producing high commitment in employees, stronger implementation of equal opportunities policies and being in favour of employees having greater involvement in workplace decisions. Good employers were also found to be associated with better performance outcomes. That good employers are more likely than others to have these sorts of policies is an argument that can be used to encourage the wider use of flexible arrangements.

One other challenge for the policy-maker is to extend eligibility to men and men's workplaces. In some cases this involves tackling the introduction of flexible working in male-dominated craft-based workplaces in skilled manufacturing industries. One other important element of the need to include more men with access and take up of family-friendly

provision is to equalise the cost to employers of such policies. If it is only employers of women who offer flexibility or leave to care for sick children, any burdens of absence or disruption will fall unequally on employers of female parents. In the long run this will not be sustainable and may cause a reversion to more discrimination in hiring practices.

About the project

The research consisted of analysis of the WERS data. A questionnaire to managers collected details about the employer's business and employee relations, as well as whether their employees were entitled to any of a number of family-friendly working arrangements. A sample of employees from each workplace were also asked to fill in a self completion questionnaire about their personal characteristics, their attitudes towards work and their employer, and whether they had access to a range of flexible working arrangements. The analysis of the WERS data consisted of constructing and estimating multivariate models. Multivariate analysis allowed researchers to take an employer's (or employee's) answer to a survey question (e.g. Are any non-managerial employees here entitled to work at or from home during working hours?) and, using statistical procedures, examine a range of potential explanations for why some but not other employers did offer employees such working arrangements.

How to get further information

The full report, **The nature and pattern of family-friendly employment policies in Britain** by Shirley Dex and Colin Smith, is published for the Foundation by The Policy Press as part of the Family and Work series (ISBN 1 86134 433 3, price £12.95).