Assessing the Business Case for Flexible Work Arrangements

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Research Team

Emily M. Brennan & Julie M. Rosenzweig, Co-principal Investigators,

Anna Malsch, Project Manager,

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Lisa Stewart, Graduate Research Assistant, and

Daniel Coleman, Project Collaborator.
Work-Life Integration Project Goals and Objectives

Overall Goal

- To improve the extent to which families with dependent care needs have access to and awareness of employment-based supports that promote work-life integration — participation in the workplace, while permitting them to take part in family and community life and roles.

Objectives

- To identify HR policies and practices that support employees with dependent care responsibilities, particularly children with special needs.
- To provide information and resources to HR professionals about best practices that support employees caring for children with mental health disabilities.
Children with Special Needs: The U. S. Numbers

- 20% of U.S. households care for children with special needs (Child & Adolescent Health Initiative, 2004).

- 13% of children in the U.S. have a disability (Institute for Community Inclusion, 2006).

- Nearly 20% of children experience symptoms of a mental health disorder over the course of a year.
  - 5% are considered to have serious emotional disorders (U.S. Department of Health & Human Services, 1999).

- In any given company, about 9% of employees have children with special needs (Center for Child & Adolescent Health Policy, 2004).
Workplace Barriers to Work-Life Integration

Employees who have children with disabilities are reluctant to ask for flexibility, fearing negative job consequences (Lewis, Kagan, & Heaton, 2000).

37% of employees say it is hard to take time off during work when personal or family issues arise and 39% report that using flexibility jeopardizes their advancement (Families & Work Institute, 2004).

54% of employed parents say they cannot take time off for sick children without losing pay, using vacation days, or making up an excuse (Families & Work Institute, 2004).
Finding a Way to Work through: Workplace Culture and Support

Workplace culture defined as shared assumptions, beliefs, and values regarding the extent to which an organization supports and values the integration of employees’ work and family lives (Thompson, Beauvais, & Lyness, 1999).

Workplace support incorporates flexibility in work arrangements, supervisor support, supportive workplace culture, positive coworker relations, respect in the workplace, and equal opportunity for workers of all backgrounds (Bond, Galinsky, & Swanberg, 1998).
Flexible Work Arrangements (FWA)

Employee-driven workplace flexibility permits family members to have a degree of autonomy to control work location, timing, and/or process (Kossek, Lautsch, & Eaton, 2005).

Workplace flexibility can be either formal or informal (Eaton, 2003):
- Formal flexibility is approved by HR professionals and written into organizational policy.
- Informal flexibility is not documented as policy, but available to some employees based on supervisory discretion.
Flexibility: The Business Case

Flexibility has positive effects on productivity, job and work schedule satisfaction, and absenteeism (Baltes, Briggs, Huff, Wright, & Neuman, 1999)

Flexibility is linked to engagement, retention, job satisfaction, and employee well-being (Families and Work Institute, 2003)

Availability and utilization of flexibility is associated with increased productivity and commitment (Eaton, 2003)

Increased employee loyalty, reduced employee stress and reduced cost due to absenteeism is associated with the number of flexible work arrangements available (Halpern, 2005).
Is the business case for flexibility a valid construct that can be used to determine an organization’s endorsement for granting flexible work arrangements?
Methods: Design and Procedure

Work-life Flexibility and Dependent Care Survey, web-based, cross-sectional study conducted in August of 2005.

Created collaboratively with WorldatWork a non-profit, international HR professional association with 25,000 members including its subsidiary, the Alliance for Work-Life Progress (AWLP).

Invitation to participate emailed to a random sample of 4,645 members.

20 survey sections, including three open-ended questions

Items include some measures created by or adapted from Families and Work Institute, most developed solely for the survey.
Participant Characteristics

Sample size = 525
- 88.5% respondents from the United States
- 11.5% respondents from Canada

Gender: 76.8% Female

Education level
- 11% some college
- 34.6% Bachelor’s degree
- 14.4% some college beyond Bachelor’s degree
- 15.5% Masters degree

Years in HR field
- 45.1% respondents had between 5 and 10 years experience
- 32.4% respondents had more than 15 years experience

Respondents from a wide range of industries (e.g., finance and insurance, manufacturing, professional, scientific, technical).
Measurement: The Business Case

The business case for flexible work arrangements was measured by 14 items developed for the survey.

• 5-point Likert-type ratings from very strong to very weak.

Instructions

• “From your perspective, how strong is the business case for offering flexible work arrangements?”

Sample item

• “Improves employee retention”.
Measurement: Formal Policy

Existence of a Formal Policy on FWA

- Question: “Based on the definition above, does your organization have a policy on flexible scheduling, an informal occurrence of flexible scheduling based on supervisor discretion, or neither?”

- Dichotomized response set:
  - Formal policy
  - No formal policy
Measurement: Workplace Culture

Positive Workplace Culture (Cronbach’s alpha=.85)
- 4-item Work-Family Culture Scale created by Families & Work Institute.
- 4-point Likert scale from strongly disagree to strongly agree.
Sample item
  - “There is an unwritten rule at my place of employment that you can’t take care of family needs on company time.”

Health Promotive Workplace Culture (Cronbach’s alpha=.69)
- 5 items developed for the survey.
- 4-point Likert scale from strongly disagree to strongly agree.
Sample item
  - “In this organization employees are reluctant to ask for flexible work arrangements.”

CFA
  - $X^2 (20, n=238)=114.32, p<.000$
  - Normed Fit=.959  Relative Fit=.927
  - Comparative Fit Index=.98
Measurement: Flexible Work Arrangements

Likelihood of FWA Granted for Dependent Care

- 16 items developed for survey.
- 5-point Likert ratings from *Not Likely At All* to *Very Likely to Grant Request*.

Instructions: “The following are some reasons employees give when requesting a flexible work arrangement. Please rate how likely approval would be granted in your organization for each reason.”

- **Health Care** (e.g., short-term child illness, on-going chronic health condition of family member; Cronbach’s alpha = .93).

- **Drug Abuse/Mental Health Care** (e.g., drug or alcohol treatment for family member, mental health treatment for family member; Cronbach’s alpha = .91).

- **School or Child Care Difficulties** (e.g., short-term child care difficulties, child acting out at school; Cronbach’s alpha = .84).
Analysis Plan

- Split-half measure development procedure using EFA and CFA on survey items related to the business case
- Reliability analysis
- Bivariate correlations of the BCS survey items assessing likelihood of granting flexible work arrangements based on:
  - Health, mental health, child care reasons
  - Knowledge related to human development
  - Knowledge related to disabilities
  - Family-friendly organizational cultures
- Regression analyses to determine the strength of the business case in the likelihood that FWA granted for health, drug abuse/mental health and school/child care reasons.
EFA of the Business Case

From the perspective of your organizational leadership, how strong are the following reasons for allowing employees to have flexible work schedules?

<table>
<thead>
<tr>
<th>Item</th>
<th>Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improves employee retention</td>
<td>.791</td>
</tr>
<tr>
<td>Improves employee productivity</td>
<td>.771</td>
</tr>
<tr>
<td>Improves employee job satisfactionDecreases employee stress</td>
<td>.837</td>
</tr>
<tr>
<td>Decreases employee mental health problems</td>
<td>.800</td>
</tr>
<tr>
<td>Improves employee commitment</td>
<td>.728</td>
</tr>
<tr>
<td>Improves quality of life for employees and their families</td>
<td>.840</td>
</tr>
<tr>
<td>Improves recruitment of a diverse workforce</td>
<td>.812</td>
</tr>
<tr>
<td>Improves employee engagement</td>
<td>.747</td>
</tr>
<tr>
<td>Improves employee work-life balance</td>
<td>.790</td>
</tr>
<tr>
<td>Improves employee morale</td>
<td>.866</td>
</tr>
<tr>
<td>Decreases employee absenteeism</td>
<td>.656</td>
</tr>
<tr>
<td>Improves the perception of fairness among all employees</td>
<td>.680</td>
</tr>
<tr>
<td>Increases the public image of being an employer of choice</td>
<td>.700</td>
</tr>
<tr>
<td>Increases employer social responsibility</td>
<td>.721</td>
</tr>
</tbody>
</table>

EFA
Single factor solution (eigenvalue > 8) accounting for 59.9% of the item variance
Cronbach’s alpha = .95
CFA of the Business Case

Multiple $r^2$

- .454 Improves employee retention
- .413 Improves employee job satisfaction
- .629 Decreases employee stress
- .476 Decreases employee mental health problems
- .000 Improves employee commitment
- .687 Improves QOL for employees and their families

Standardized Regression Weights

- .736 Improves recruitment of a diverse workforce
- .542 Improves employee work life balance
- .585 Improves employee work life balance
- .661 Improves employee morale
- .677 Decreases employee absenteeism
- .394 Improves the perception of fairness among all employees
- .403 Increases the public image of being an employer of choice
- .372 Increases social responsibility

$X^2$ (91, n=238) = 762.94, p<.000
Normed Fit = .946, Relative Fit = .928, Comparative Fit Index = .95

CFA (Common Factor Analysis)
Table 1: Means, standard deviations and correlations for BCS and Likelihood to grant FWA for health, drug abuse/mental health, school/childcare reasons, knowledge related to human development, knowledge related to disabilities and workplace culture n=238 (half sample)

<table>
<thead>
<tr>
<th></th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has formal policy</td>
<td>.221**</td>
</tr>
<tr>
<td>Health care reasons</td>
<td>.422**</td>
</tr>
<tr>
<td>Drug abuse/Mental health care reasons</td>
<td>.433**</td>
</tr>
<tr>
<td>School/child care reasons</td>
<td>.427**</td>
</tr>
<tr>
<td>Knowledge of human development</td>
<td>.201**</td>
</tr>
<tr>
<td>Knowledge of disabilities</td>
<td>.174**</td>
</tr>
<tr>
<td>Positive workplace culture</td>
<td>.279**</td>
</tr>
<tr>
<td>Health Promotive workplace culture</td>
<td>.380**</td>
</tr>
</tbody>
</table>
### Predictive Strength of Business Case on Decisions on FWA


<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variables</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FWA Granted for Health Care Reasons</td>
<td>FWA Granted for Drug or Alcohol/Mental Health Reasons</td>
<td>FWA Granted for School or Child Care Reasons</td>
</tr>
<tr>
<td></td>
<td>$r^2 = .27$</td>
<td>$r^2 = .24$</td>
<td>$r^2 = .27$</td>
</tr>
<tr>
<td>Business Reasons</td>
<td>.351 (.003)***</td>
<td>.336 (.050)***</td>
<td>.302 (.003)***</td>
</tr>
<tr>
<td>Formal Policy</td>
<td>-.088 (.054)*</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td>Knowledge of Human Development</td>
<td>ns</td>
<td>.099 (.034)*</td>
<td>.123 (.032)*</td>
</tr>
<tr>
<td>Knowledge of Disabilities</td>
<td>ns</td>
<td>ns</td>
<td>ns</td>
</tr>
<tr>
<td>Positive Work Culture</td>
<td>.203 (.047)***</td>
<td>.152 (.058)*</td>
<td>.232 (.056)***</td>
</tr>
<tr>
<td>Health Promotive Culture</td>
<td>.093 (.075)*</td>
<td>.110 (.092) *</td>
<td>.093 (.088)*</td>
</tr>
</tbody>
</table>

*Note.* Standard errors appear in parentheses. *p<.05, **p<.01, ***p<.001.
Conclusions

Endorsement of the business case for granting flexible work arrangements can be measured with a high level of internal consistency on the part of human resource professionals.

The attitudes toward the business case for FWA can be measured using a single dimension, as demonstrated through the EFA and CFA.

As expected, scores indicating belief in the business case for flexible work arrangements are significantly related to likelihood of granting FWA in for a variety of reasons including:

• Health care requests
• Substance abuse/mental health requests
• School-related or child care requests.
Implications of Study Findings: The Business Case

Having a formal organizational policy regarding FWA doesn’t strongly predict the likelihood that flexibility will be granted by HR personnel.

Instead, belief in the business case for FWA is a very strong predictor that human resource professionals will support flexible arrangements for a variety of reasons.

Human resource professionals need to be educated about the well-established business case for FWA (Halpern, 2005), in order to increase the number of family-friendly organizations.

Studies gauging the family-friendliness of organizations should include measures of endorsement of the business case for FWA.
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