

Hewitt Survey Suggests U.S. Companies Not Effectively Managing Workplace Flexibility Programs

Lack of Consistency, Communication and Measurement Tools around Workplace Flexibility Leads to Under-valued Programs

LINCOLNSHIRE, Ill. — A rapidly shrinking talent pool, coupled with increased work-life pressures and a more diverse, global and independent workforce, have prompted an increasing number of companies to offer flexible work arrangements as another way to attract, retain and engage talent, according to Hewitt Associates, a global human resources services company. But while companies believe that workplace flexibility is a critical retention and recruiting tool, most do not have the structure or support in place to maximize the value that these programs can provide.

Hewitt's survey of 90 U.S. employers revealed that, of those companies who offer flexible work arrangements, almost all (98 percent) believe the benefits of workforce programs match or outweigh the costs associated with implementing them. Two-thirds (66 percent) said the programs increased employee engagement, 64 percent said they improved employee retention and another 49 percent cited enhanced recruitment results.

But despite employers' optimism about the value flexible work arrangements provide, very few have formal and consistent policies and procedures in place to manage these programs. Just more than one quarter (27 percent) have company-wide, formal written policies, and almost the same percentage does not formally communicate to employees about the flexible work programs they offer. In addition, 71 percent do not measure the effectiveness of these programs in any way.

"Human capital has become many companies' largest and fastest growing corporate expense, so organizations are feeling pressure to not only manage costs, but also to make sure they offer programs that can attract, retain—and most importantly—engage key talent," explained Carol Sladek, principal in Hewitt's Work-Life practice. "Flexible work arrangements have become increasingly popular programs among employers because they are both highly valued by employees and relatively inexpensive for employers to implement. But these programs can also be terribly complex to design, manage and measure. Companies with consistent and formal policies, strong education and communication, and ongoing measurement strategies in place will truly succeed in maximizing the return on their investment—both in terms of costs and employee engagement."

Current Workplace Flexibility Programs Lack Consistency

While workplace flexibility programs have increased in popularity, there is little consistency in where the programs are offered and to whom. According to Hewitt's survey, 39 percent of companies have policies or guidelines that vary by location, business unit, department, or job class, and 31 percent offer flexibility at the discretion of individual managers. In addition, only

one-third (33 percent) have a formal employee application process.

Flexible work programs also vary by type of arrangement. Hewitt's research found that the majority of companies offer programs on an ad hoc basis, with flextime (31 percent), job sharing (46 percent), and telecommuting (39 percent) being the most prevalent. Part-time work is the most likely program to be offered on a company-wide basis, with 36 percent of employers doing so.

"As flexible work arrangements continue to change and evolve, establishing a formal, company-wide policy will provide some level of consistency across the board and enable employees and managers to know what is expected of them," said Sladek. "Employers should leave some room for flexibility so arrangements can be adapted to address business requirements, workload, work-life demands and other factors that vary from worker to worker."

Communication and Education is Critical, but Neglected

In addition to program inconsistency, most companies do not effectively communicate their flexible work arrangement programs to managers or employees. Less than half (48 percent) of the companies participating in Hewitt's survey provide education and communication about their workplace flexibility programs to all employees.

When asked about the reasons for not communicating these programs to employees, 31 percent said that they wanted to limit use of their flexible work arrangement programs, either because their company culture has not yet fully embraced wide-spread use of them or because they are concerned with the logistics of having too many employees using the program.

Another 69 percent said they do not provide broad communication so that programs can be offered at manager discretion. Surprisingly, only 39 percent of companies feel that managers understand their flexible work arrangements, and 42 percent said they were confident in their managers' ability to manage employees who use them. Despite this, most (61 percent) do not provide training on how to administer these arrangements.

"In order for flexible work arrangements to be effective, companies need to communicate—and communicate often—to those responsible for implementing the programs. They need to offer ongoing marketing and training initiatives that clarify responsibilities and expectations," said Sladek. "These communication, education and training initiatives will become even more important as companies increasingly make these programs available to a wider subset of their employee populations."

Few Companies Measure Results

The majority of companies in Hewitt's survey admit they do not measure the results of their flexible work arrangements in any way, and just 14 percent measure results formally. Of those that do measure their programs, nearly three-quarters (73 percent) measure the success of the

programs through employee engagement, more than two-thirds (69 percent) through employee retention and half (50 percent) through productivity.

"Most companies believe they are getting a good return on investment from their flexible work arrangements, but very few have formal measurement strategies in place to actually substantiate it—most likely because of the complexity and lack of structure that exists around these programs," advised Sladek. "Using hard data such as turnover statistics, recruiting results and employee engagement surveys, companies can establish an ongoing measurement strategy that ensures their programs meet company and employee expectations. Even more important, it allows executives to more readily buy into these programs and see the positive implications on the business."

To address the complex issues around developing effective flexible work arrangements, Hewitt will be hosting a Webcast on May 6 titled "Flexible Work Arrangements—Do They Work?" Visit the Events & Conferences page at www.hewitt.com to join the discussion.

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