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The Business Case For Flexible Work Arrangements

Anna Danziger

Shelley Waters Boots

Prepared for Workplace Flexibility 2010 by Anna Danziger and Shelley Waters Boots on behalf of the Urban Institute.

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THE BUSINESS CASE FOR FLEXIBLE WORK ARRANGEMENTS

The business case for flexibility aims to outline the documented positive effects on businesses when they provide their workers with options to work less or to have more discretion over when, where and how their work is done.

Below we have compiled some of the key findings from research on the business case.

- Employees with access to FWAs tend to be more satisfied, committed, and engaged with their jobs.ⁱ Studies have shown that this leads to increased innovation, quality, productivity, and market share.ⁱⁱ
- Research by the Corporate Leadership Council concluded that every 10% improvement in commitment can increase an employee's level of discretionary effort by 6% and performance by 2%; highly committed employees perform at a higher level than non-committed employees.ⁱⁱⁱ
- Providing FWAs and time off to take care of personal and family needs can also help limit unscheduled absences.^{iv} Studies show that employees using FWAs report less work-life stress, and, as a result, have less unscheduled absences and increased productivity.^v
- Findings from Corporate Voices for Working Families indicate that for companies that offer them, FWAs improve retention and recruitment; foster greater employee satisfaction, commitment, and engagement; and are correlated to increased productivity and revenue generation, as well as positive impacts on cycle time and client service.^{vi} Case studies from Corporate Voices reports demonstrate how FWAs helps businesses recruit and retain valuable workers. For example:
 - Eighty percent of one large firm's employees said that their ability to balance work and home needs had an impact on their career choices and their desire to stay with the company.^{vii}
 - Another firm found that by offering more flexible work arrangements, and thus retaining more female employees, it was able to increase the number of women in leadership positions from 14 in 1993 to 168 in 2003.^{viii}
- Finally, studies show that FWAs can directly impact financial performance and operational and business outcomes. For example:
 - One insurance company that implemented various forms of FWAs through a team approach in its Claim Services Department experienced increases in the number and efficiency of claim files processed without a decrease in quality, and reductions in unscheduled paid time off and in overtime hours.^{ix}

For more information, see *Flexible Work Arrangements: The Overview Memo*, available at: http://www.law.georgetown.edu/workplaceflexibility2010/definition/general/FWA_OverviewMemo.pdf

This fact sheet was produced through a non-exhaustive survey of selected websites, journal articles and research reports on the business case for flexible work arrangements. We welcome feedback on additional data and information that could be included here.

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ⁱ See, e.g., Galinsky, E., Bond, J.T., and Hill, E.J. (2004); Landauer, J. (1997). *Bottom-line benefits of work/life programs*. *HR Focus* (July): 3-4; Lineberry, J. & Trumble, S. (2000, Winter). The role of employee benefits in enhancing employee commitment. *Compensation and Benefits Management* 16(10), 9-14.

ⁱⁱ Corporate Voices for Working Families (2005, November). *Business impacts of flexibility: An imperative for expansion*. Washington, D.C.; Baltes, B. B., Briggs, T. E., Huff, J. W., Wright, J. A., and Neuman, G. A. (1999). Flexible and compressed workweek schedules: A meta-analysis of their effects on work-related criteria. *Journal of Applied Psychology*, 84(4), 496-513.

ⁱⁱⁱ Watson Wyatt (2006). *Watson Wyatt human capital index: Human capital as a lead indicator of shareholder value, survey highlights*. Rochelle Park, NJ: Author. Retrieved March 2006, from <http://www.watsonwyatt.com/research/resrender.asp?id=W-488&page=3>.

^{iv} Id.

^v Halpern, D.F. (2005, May). *How time-flexible work policies can reduce stress, improve health, and save money*. *Stress and Health*, Retrieved June 2005 from

<http://berger.claremontmckenna.edu/Publications/Papers/StressHealth.pdf>; Corporate Voices, at 14-15.

^{vi} Corporate Voices for Working Families (2005, November). *Business impacts of flexibility: An imperative for expansion*. Washington, D.C.; Galinsky, E. Bond, J.T., and Hill, E.J. (2004), *When work works: A status report on workplace flexibility. Who has it? Who wants it? What difference does it make?* New York, NY: Families and Work Institute.

^{vii} Corporate Voices for Working Families (2005, November). *Business impacts of flexibility: An imperative for expansion*. Washington, D.C.

^{viii} Corporate Voices for Working Families (2005, November). *Business impacts of flexibility: An imperative for expansion*. Washington, D.C.

^{ix} "Chubb Workplace Flexibility Initiative Boosts Employee Productivity," Chubb Press Release, July 18, 2005.