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Preface

Flexible work (flexi-work) arrangements have been widely practised in the developed countries and have proven to be beneficial to both employers and employees. This study documents the different types of flexi-work arrangements that are currently being adopted by corporations around the world including Singapore, and showcases practical examples of companies which have successfully implemented flexi-work arrangements.

The common flexi-work arrangements include: flexi-time, permanent part-time work, job-sharing, compressed work week, teleworking, and annualised hours. The successful implementation of flexi-work arrangements contributes to a conducive and supportive work environment. This enables companies to attract, motivate and retain valued employees who are dedicated and committed to playing an important role in helping their organisations achieve business success.

This study features the origins of the various flexi-work arrangements, their salient features, the benefits and challenges, key implementation considerations, and case examples. To dispel the myth that flexi-work is not a feasible option for small and medium sized organisations (SMEs), it also features a Canadian research on the implementation of flexi-work arrangements in small businesses. The study concludes with some useful tips offered by companies which have successfully implemented flexi-work arrangements.

FLEXIBLE WORKING HOURS (FLEXI-TIME)

Origins

Flexi-time constitutes the first major divergence from the standardised 44 hour week, 9 to 5 workweek. The concept of allowing employees some individual choice as to starting and quitting times was first introduced in Germany in 1967. At that time, it was seen as a means of relieving transit and commute time problems. Shortly after, flexi-time began to gain adherents in Switzerland as a way to attract women with family responsibilities into the workforce. Hewlett Packard was generally credited with introducing flexi-time in the United States in 1972, after having first tried it in a German division.

Definition of flexi-time

Flexi-time usually refers to a scheduling programme for full-time employees which allows them to choose their starting and finishing times daily, provided they complete a stipulated number of hours. In most instances, all employees may be required to be present during certain “core hours”, which is usually fixed at a period between the latest permissible starting time and earliest permissible finishing time.

Benefits

- Workplaces may be able to extend its operating hours without an increase in salary cost;
- Less time is wasted at the beginning of the workday. If people arrive at different times, the “settling in” period may be less disruptive;
- Employees are better able to meet their personal responsibilities, eg. those with young children who need to be taken to/from school, or employees who needs to leave early to attend evening classes. This arrangement helps employees to balance their work and personal lives better, thereby increasing their motivation and productivity.

Problems/Challenges

- Setting up and maintaining a time-keeping system may incur additional cost;
- It places a heavier burden on managers in terms of communication, supervision and scheduling of employees’ working time;
- Some staff may resist its implementation, especially if a certain amount of leeway and tolerance has already been allowed under the existing system;
- Certain categories of staff may be excluded from the flexible system in order to maintain business continuity (eg. customer service staff) and this could cause resentment among those not selected for the programme.

Key implementation considerations

- An efficient time-keeping system is essential in the implementation of flexi-time;
- Flexi-time arrangements should be implemented without compromising the organisations’ goals, eg. service to customers must be maintained and operational requirements must be met;
- There is a need to provide the necessary training to line managers to familiarize them with the new system and to avoid common problems such as:
 - loss of control because of changing attendance patterns;
 - coordination of work activities; and
 - ensuring access to staff;
- Effective two-way communication and planning is critical in ensuring the effective implementation of the system. Before introducing the new system, it is essential to discuss the proposal with the affected employees to find out about their needs and concerns.

Case Examples

Immunex Corporation ¹

Founded in 1981, Immunex is one of the very few biotechnology companies to advance a medicine from the laboratory to the marketplace. One vital building block to Immunex's success is its work options, which is the key to helping it retain its best talents.

Flexi-time is the characteristic of the scientific community, in which results matter more than clock hours, and in which many laboratory processes do not fit neatly in an 8 to 5 timeframe. While the company's official business hours are from 8.00 am to 5.00 pm, it allows employees to schedule their start time and workweek, as long as business needs are not compromised. Instead of a policy, written agreements are drawn up individually between the supervisor and employees. Managers, work groups and employees are coached on the need for clear expectations from the outset and the managers are empowered to approve flexi-time. 25% of its employees have chosen to either start or end their working hours earlier or later according to their needs.

Immunex regards employees as partners rather than rule-keepers. It is pro-active in bringing about changes to help the organisation meet its employees' needs. While recruitment and retention top the list of reasons for offering flexible work options, other benefits include 30 - 50% more production capacity, increased coverage, and improved teamwork, cross training and workflow.

NTUC Income Insurance Co-operative Limited ²

Among the flexible work arrangements introduced by NTUC Income, flexi-time is by far the most popular with 20% of its employees opting for this arrangement. Under the flexi-time arrangement, employees can choose to report at 8.00 am, 9.00 am or 9.30 am and end their working day at 4.50 pm, 5.50 pm or 6.20 pm respectively. Some of its employees choose the scheme, as they want to avoid the morning and evening rush hours. Others desire more time in the morning so that they can fetch their children to the childcare centres. It is also popular among those who have difficulty waking up early in the morning and among Muslim staff during their fasting month.

Since the implementation of flexi-work arrangements, NTUC Income saw its turnover rate reduced markedly from 15% in 1992 to 9% in 1999. Staff surveys also showed that employees are happy with the arrangements and employees morale and commitment have improved.

Abacus International Pte Ltd

Established in May 1998, Abacus has its headquarters in Singapore and marketing offices throughout Asia-Pacific. Since then, it has become the leader in providing comprehensive travel-related information and reservation services.

Abacus introduced flexible work arrangements to its staff in 1998 when it moved from town to Tampines, an eastern neighbourhood. Employees could start work anytime between 7.30 am to 9.30 am and end between 4.30 pm and 6.30 pm. This scheme was introduced taking into account employees with childcare or eldercare arrangements and to meet the personal needs of those who were staying in the western and northern part of Singapore where commuting time had increased.

The company reported a reduction in turnover and an increase in employees' job satisfaction level. More importantly, deadlines were not affected and there is a better integration between work and family.

¹ Source: Washington State University Cooperative Extension Energy Program and Commuter Challenge, published in April 1999.

² Source: Manpower News, Special Publication, published in October 2000.

The Civil Service of Singapore

The Civil Service is the single largest employer in Singapore, employing about 65,000 employees. With the main objective of easing traffic congestion during peak hours, it introduced the flexi-time scheme in the 1970s. The scheme also enables staff to have greater flexibility to commence and end their working hours to better meet their family needs. Under this scheme, an employee can start work anytime from 7.30 am to 9.30 am and end between 4.00 pm and 6.00 pm on weekdays and between 12.00 pm to 2.00 pm on Saturdays.

With the supervisor's concurrence, employees are given the flexibility to set their own starting hours so long as the organisational needs are not undermined. Feedback on the scheme was positive as employees are better able to balance work hour requirements and family commitments. This work arrangement is extremely favorable among employees with young schooling children.

Recently, a number of ministries including the Ministry of Manpower (MOM) offered extended service hours to the public. For MOM, its departments remain opened for an extra half hour on Mondays to Fridays. To enable the ministry to deliver the extra half-hour service each day, the staff's working schedules were adjusted within the overall framework of the 42-hour workweek. Besides improving the service to the public, the arrangement allows the staff to rest on some days, including Saturdays. This was favourably received by the staff as it enables them to have a better work-life balance. At the Ministry level, the scheme has helped to better attract and retain valued employees.

PART-TIME WORK

Origins

There are two basic reasons why part-time work came into vogue. The first is the increasing number of women in the workforce and companies have to devise alternative work schedules to accommodate their needs. The second is the subtle shift from a production-based to a service-based economy. The service industry has more room to allow for flexibility in work schedules.

Definition of part-time work

A part-time worker is one who works less than the full ordinary weekly or monthly hours, or less than a full year, and who is entitled to employment benefits such as annual leave and sick leave on a pro-rata basis. In the Singapore context, the Employment (Part-Time Employees) Regulations 1996 defines a part-time employee as one who is required under his contract of service with an employer to work less than 30 hours a week.

Part-time arrangements can be organised in any of the following ways:

- working normal hours over reduced number of days such as 3 days per week;
- working every day but with fewer hours, eg. 9.00 am to 1.00 pm each day;
- alternate work period, such as one week on and one week off; or
- a combination of the above methods.

Permanent part-time work is a part-time arrangement that is intended to continue, whereas temporary part-time work is intended for a specific period.

Benefits

- Offering part-time work enables companies to attract and recruit from a wider manpower pool. The 1999 Labour Force Survey for instance showed that there were 27,173³ persons who were looking for part-time employment opportunities;
- It enables organisations to retain highly skilled and valued employees who are unable to continue working full-time due to changes in personal circumstances;
- It reduces absenteeism as it allows employees to better manage their work and other commitments such as family responsibilities, study or personal interests;
- It is useful where work (such as project work) requires less than a full-time position;
- It is a way of allowing phased retirement for older employees. It can also facilitate re-entry into the workforce for employees who have taken career breaks.

Problems/Challenges

- Introducing part-time work may increase the administrative workload to the organisation, eg. hiring 2 part-timers for each full-time job would mean that the organisation has to maintain and process 2 sets of personnel records. Higher overheads (eg. training cost, workmen compensation, furniture and equipment) may also be incurred as a result of having 2 persons in one position;
- It may be more difficult to arrange training sessions, team meetings, etc, thereby placing additional scheduling demands on managers;
- Certain jobs may need to be re-designed to make part-time work feasible and this would incur costs.

³ Figure refers to the number of job entrants looking for part-time employment in the next 2 years.

Key implementation considerations

- Before implementation, organisations should deliberate on the key issues in consultation with their managers and relevant employees, such as:
 - eligibility criteria for part time work;
 - compensation;
 - career structure and prospects;
 - training and development;
 - the right to return to full time work.
- The terms and conditions of employment should be formulated in compliance with the Employment (Part-Time Employees) Regulations 1996;
- It is essential to develop a communication strategy and consult extensively before implementation;
- The success of part-time work very much hinges on the support and commitment of supervisors and managers. Training should be given to supervisors and managers to make them understand the rationale for introducing part-time work and to equip them with the skills to manage part-time employees.

Case Example

Westin Stamford/Westin Plaza

The Westin Stamford and The Westin Plaza, 2 prominent hotels in Singapore were opened in 1986 and are managed by the Westin Hotels & Resorts.

In a bid to attract and retain employees, and to address the problem of a shortage of manpower, the part-time work scheme was introduced in 1998 to cast a wider net for employees who could not work a full day due to family commitments. The part-time employees work 4 - 4.5 hours per day for 3 - 6 days per week, with pro-rated salary and benefits. Training is the same as any other full-time staff.

Besides this practice, it has introduced flexi-time and piloted the five-day workweek scheme. 80% of the staff indicated that such arrangements had made a positive impact on their individual efficiency and enabled them to have a better work-life balance.

JOB SHARING

Origins

The term “job sharing” was first coined in mid-1960s. This option was devised as a way to create more part-time opportunities in positions which could not be reduced in hours or split into two part-time jobs. The job sharing arrangement enables employers to preserve jobs in their full-time form while tapping on the expertise of two or more people. Though job sharing was intended as a means to increase employment flexibility, it also helped to boost employment opportunities in situation of high unemployment.

Definition of job sharing

Job sharing is an arrangement where the duties and responsibilities of one job are shared by 2 or more people. This is a good arrangement when a job needs to be filled on a full-time basis but not necessarily by one person.

A recent Internal Revenue Survey in the UK showed that:

- Most job shares involved a 50 - 50 split between 2 employees for one full-time position (i.e. tasks are divided equally between them with proportional pay and benefits);
- Job sharing arrangements were most common in secretariat, clerical and administrative work;
- Split week (Monday to Wednesday lunch time/Wednesday lunch time to Friday) was the most popular way of dividing work time between job sharing partners.

Benefits

- Companies can tap a wider range of skills and experience in one job;
- This arrangement supports the pooling of ideas, and offers the opportunity for job sharers to learn from one another;
- It makes it easier to provide for coverage of duties when one partner goes on vacation leave or sick leave;
- Jobs under the job sharing arrangement continue to retain their full-time status. Job sharers are hence in a better position than part-timers to preserve their career skills and status.

Problems/Challenges

- The greatest challenge in job sharing is in providing a suitable partner. Where incompatibility of job sharers arises, the arrangement can fall apart;
- Higher overheads (eg. training cost, workmen compensation, furniture and equipment) would be incurred as a result of having 2 persons in one position;
- Managers may resist the idea as they see it as increasing their supervisory responsibilities.

Key implementation considerations

- In sourcing for a suitable job sharing partner, the important consideration is whether the 2 individuals have similar work style and work ethics, and whether they are able to work together without competing;
- Communication between the partners and with the rest of the organisation and clients is extremely important to avoid confusion. It is important to establish an efficient system of information exchange. The job sharing arrangement should factor in a hand-over period or arrangement where both partners could meet to hand over outstanding tasks and brief each other of the latest news and developments. Other employees and the relevant clients should be kept informed of the arrangement;
- Clear job and performance goals should be set for the job sharing partners, and a suitable appraisal system be devised so that each partner’s contribution to the job can be objectively assessed.

Case Example

University College Hospital ⁴

The University College Hospital appointed two job sharers for the position of personnel director in 1994. Both job sharers wanted the opportunity to continue with their consultancy work while at the same time be involved in an operational position.

Employed for 3 days a week, with one day overlap, the job sharers communicated through a daybook in which detailed information (and gossips) were noted down. The work arrangement was not on a fixed schedule, but agreed upon by both sharers. Employees would have to deal with whoever was at work on that day.

Due to the cross fertilisation of views of two persons, issues and policies were better thought through and formulated.

⁴ Source: "Flexible Working Practices: Techniques & Innovations", John Stredwick & Steve Ellis, Institute of Personnel and Development, 1998.

COMPRESSED WORK WEEK

Origins

Introduced in the early 1970s, compressed workweek was an effort to create alternatives to the standard five day, 40 hour week by reallocating the same number of work hours to fewer days. From an employer's perspective, this allowed plant facilities to be used for longer periods with fewer start-ups and shutdowns. At the same time, it gave employees longer blocks of personal time.

Definition of compressed work week

Compressed workweek is a flexible option where an employee works his/her full-time hours (such as 40 hours) in fewer than 5 days per week. Typical examples are:

- four of 10-hour days;
- three of 12-hour days; or
- 9-hour days Monday through Thursday, an 8-hour day on one Friday, with alternate Fridays off.

Often, computer centres, customer service centres and hospitals use these schedules to enable them to operate on a 24-hour basis.

Benefits

- It allows companies to extend their hours of service to better meet clients' needs;
- Companies would be better able to attract and retain employees as it offers the opportunity to work full-time at less than 5 days per week, thereby enjoying extra days off from work;
- Working hours can be customised to meet the needs of individual employees.

Problems/Challenges

- It may be difficult to provide relief staffing arrangements on days when employees are absent due to emergency reasons such as illness and this may affect customer service levels;
- Occupational safety and health considerations may arise due to the extended working hours;
- Scheduling of training sessions, team meetings, etc. will pose a challenge due to the different work schedules of employees;
- There could also be the problem of providing supervision during the extended hours of operation.

Key implementation considerations

- There is a need to assess which departments/jobs in an organisation are suitable to go on a compressed workweek arrangement. The arrangement may not be suited for some departments and some positions;
- There is a need to design a staffing schedule that ensures that there is adequate staffing at all times, particularly during peak hours.

Case Examples

Unigard Insurance Group⁵

In 1996, Unigard introduced compressed workweek and flextime in a concerted move to halt the flow of employees to competitors. It was also able to achieve a long term company goal of increasing the working hours from 38.75 per week to 40 hours per week.

Under the scheme, employees can work 80 hours in nine days to receive a Monday or Friday off every week. Managers balance employees' preferences with the need to have no more than 25% of staff absent on a Monday or Friday.

Compressed workweek proved to be a big draw in recruitment and retention. Employee turnover declined from 19% to 14% in two years. A number of employees liked the scheme and confided that they do not think of leaving for fear of giving up the extra day off. Overtime was reduced by approximately 5%. Management also reported that there were improvements in employee morale, cross-training and willingness to help. Teamwork improved as employees work closely to back each other up on their days off.

Matsushita Kotobuki Electronics Industries of America, Inc⁶

Matsushita Kotobuki produces combination TV/VCRs under the brand names Panasonic and Quasar at its Vancouver manufacturing facility. It implemented compressed workweeks for all employees in 1994.

Its shift patterns are structured as follows:

- 1) Monday through Thursday 6.45 am to 5.15 pm;
- 2) Friday through Sunday 6.00 am to 7.00 pm;
- 3) A swing shift in the paint area that works Monday through Thursday, 5.15 pm to 3.45 am; and
- 4) Two day shifts and two night shifts that work 12-hour days in the plastic injection mould area to maintain the temperature of the plastic 24 hours a day.

Management reported a 10% increase in productivity, as compressed workweek helped to reduce the frequency of starts and stops and interruptions to the assembly line. Absenteeism also reduced by 10% since employees could handle personal chores on their days off. Employee morale also improved. In addition, they enjoyed savings on daycare costs and spent less time commuting.

The only drawback to longer days was that employees were less interested in after-work informational meetings or voluntary activities. The solution was to plan such activities during lunch or schedule voluntary meetings on Fridays.

KK Women's and Children's Hospital

KK Women's and Children's Hospital (KKH) specializes in Obstetrics, Gynaecology, Neonatology and Paediatrics.

The idea of a 12-hour shift originated from a group of nurses who were attached to an Intensive Care Unit in Boston. With the intention of providing improved continuity of services to its patients and enhancing the work-life balance of its nursing staff, KKH introduced the 12-hour shift in 1997. To date, about 43% of its nursing ward staff have opted for the 12-hour shift. The hospital reported a higher degree of customer satisfaction in terms of fewer disruptions arising from changes in shifts. There is a reduction in reporting time for nurses as less time is spent on passing over from one shift to another. Staff morale also improved as the nurses have more rest days. 66% of the staff surveyed maintained that they were more motivated and more than two thirds of those surveyed indicated an improved job satisfaction level.

KKH attributed the successful introduction of this scheme to the strong management support of work-life effectiveness in the organisation. It was also important to build an atmosphere of trust amongst employees and ensured that there was good communication between management and staff.

⁵ Source: Washington State University Cooperative Extension Energy Program and Commuter Challenge, published in February 2000.

⁶ Source: Washington State University Cooperative Extension Energy Program and Commuter Challenge, published in April 1999.

TELEWORKING/TELECOMMUTING (FLEXI-PLACE)

Origins

In the 1980s, as companies focused increasingly on cutting costs, they saw telecommuting as a means of reducing the expenses of maintaining office space. More recently, organisations began to view telecommuting as a tool to attract and retain top personnel and valued employees in fields with short labour supply.

Definition of teleworking / telecommuting

This arrangement allows employees to carry out their work at a location away from the conventional office, either in the employees' home, satellite offices or neighbourhood work centres.

- **Home-based telecommuting**

This refers to employees working at home on a regular basis, though not necessarily every day. Some employees choose to work from home several days in a week. To support the work of the home-based worker, some employers would provide them with the necessary equipment, eg. computers and fax machines.

- **Satellite offices**

Instead of the conventional office, employees work at a location convenient to themselves and/or their customers. A satellite office houses only employees from a single firm. In some sense, it is a branch office whose purpose is to alleviate employees' commute. The satellite office is equipped with office furniture and equipment provided by the firm.

- **Neighbourhood work centre**

This is essentially similar to the satellite office with one difference: a neighbourhood work centre houses more than one company's employees. In other words, several companies may share the lease on an office building but maintain separate office areas within the building. Office suites may be furnished by the site owner or by the respective renting firm.

- **Mobile working**

In contrast to telecommuters who work from one designated location outside the office, mobile workers are frequently on the road, using telecommunications equipment to work from an assortment of locations such as home, car, plane or hotel business centre. This mode of arrangement is most suited to employees who need to be constantly on the move to get their jobs done, like salespersons, investment bankers and investigative reporters.

Benefits

- Savings from absenteeism - teleworking allows workers to better combine their work and personal responsibilities. This results in a reduction in absenteeism as employees have less tendency to take personal leave, sick leave or leave work early to meet personal needs. According to the 1999 Telework America Research Survey by Joanne Pratt Associates, teleworking results in a 63% savings in the cost of absenteeism per teleworking employee per year⁷;
- Higher productivity - teleworking helps to increase productivity as workers are not susceptible to distractions such as office politics and gossips. Employees also report that they have higher energy levels due to the reduction in travelling to and from work;
- Savings in cost of office space - teleworking enables companies to save on office space and associated costs. According to the 1999 Telework America Research Survey, IBM saved US\$75 million in real estate expenses as a result of telecommuting while AT & T saved US\$80 million in real estate and office overheads from having employees telecommute;
- Attraction and retention of valued employees - 54% of the employees covered in the survey⁸ said that the ability to work at home was important or extremely important to them in considering a new job. Companies with flexible work practices are cited as "best practice" employers, and this helps to attract and retain employees;
- Telework is a suitable employment option for employees with disability.

⁷ Without teleworking, absenteeism would cost companies US\$3,313 per year per employee, assuming each employee takes one full day at their current salary rate for days on which they were absent to handle their personal needs. With teleworking, employees surveyed were able to be absent at an equivalent rate of only US\$1,227 per year.

⁸ The 1999 America National Telework Survey conducted by Joanne H. Pratt Associates.

Instances of Improved Bottomline

IBM Canada: Has about 2,300 employees who telework almost full-time. The benefits include:

- Productivity improvements of up to 50%;
- Savings of over US\$35 million in office space since early 1990's;
- Increase in both customer and employee satisfaction.

Nortel: About 12,000 or 1.5% of Nortel's 80,000 employees worldwide telecommute under its "HOMEbase" programme. The benefits include:

- 24% improvement in productivity;
- 10% improvement in satisfaction;
- 24% reduction in turnover;
- US\$15 million savings in real estate per year;
- Employees benefited from reduced costs of transport, clothing, food and gains in discretionary time.

Problems/Challenges

- Inability to constantly monitor - a major challenge for managers is their inability to physically observe their employees' performance. This may pose a concern especially for jobs where the employees' performance is not easily measurable;
- Reduced social networking - teleworking may negatively affect social networking in the workplace by:
 - disrupting teamwork;
 - fragmenting the social network; and
 - creating possible resentment among employees not chosen to telecommute;
- Lack of resource and technical support - teleworkers face the challenge of gaining access to resources (documents, database) which they may need in performing their work but which may not be available on-line. In addition, teleworkers need to be more technically savvy than their office peers as support services may not be readily available at remote offices.

Key implementation considerations

- Telecommuting arrangement may be most suitable for employees whose nature of work does not require close supervision or interaction with other employees, and whose work performance/output can be easily measured and assessed;
- Communication is essential for the successful implementation of teleworking. Before the implementation of teleworking, both managers and employees should discuss and agree on key issues such as:
 - performance goals and measurements;
 - career paths;
 - training and development opportunities;
 - occupational safety and health considerations and work injury compensation;
 - provision of work equipment and reimbursement of work-related expenses;
 - need for reporting at the workplace at regular intervals;
 - safeguarding the security and confidentiality of information.

The key issues, including the terms and conditions of employment, should be documented in the form of policy guidelines which would serve as a basis for implementing teleworking;

- Managers would need to be trained on remote supervision and management so that their mindset could be changed to focus more on results, rather than on the employees' time at work. They would also have to learn to address issues such as employee isolation and the concern about transmitting the organisation's culture to employees who are working remotely.

Case Examples

Norsk Hydro ⁹

Norsk Hydro is one of Norway's largest companies specialising in oil production, supply of fertilizers worldwide, and the provision of gas and electrical power.

The need to attract and retain talents was the key motivating factor which led to the decision to introduce flexible work practices. Competition for talents is increasing in Norway because of a small population base. The company is vying with traditional competitors as well as Internet start-ups and management consultancy firms.

The company introduced flexi-work under the auspices of a project called Hydroflex in 1998. Under the scheme, employees have the choice of working at the office or from home. To create the home office, the company gave each employee computer equipment, ISDN line and US\$2,000 to purchase furniture. Working hours is full-time, approximately 37.5 hours per week, but flexible. Employees work when and where they want to, depending on the nature of work, deadlines and productivity goals, etc. They have the option to work at home two days a week.

Although some employees were initially doubtful about the scheme, most are now supportive. Many feel that they are more productive as the focus now is on their results and output, rather than where and when they are working. They are also able to take advantage of the flexibility to fulfil their family responsibilities.

The Guardian Life Insurance Company of America ¹⁰

The insurance company's reasons for embracing telework are many - from space shortage to the drive to increase productivity, improve employees' satisfaction and retain top performing employees.

The scheme was first implemented in the claims approving department. The company uses a combination of digital ISDN connections and some analog telephone connections to provide its teleworkers with dedicated and secure access to its data system. Teleworkers are provided with PCs and standard software, three-in-one print/fax/copy machines, and a desk or chair if needed.

For the first two to three years, teleworkers were grouped under one supervisor. Today, they are divided evenly among supervisors and attend weekly group meetings with in-office staff. Teleworkers are required to visit the office two or three times a week to pick up work.

Managers report an increase in productivity of 10-20%. This arose mainly from the elimination of disruptions which allows the employee to process paperwork without interruptions. Guardian's teleworkers are also more willing and able to work overtime during peak periods, since they have more flexible hours and no regular commute. Another benefit is lower absenteeism as employees are able to cope with their family responsibilities without taking the day off or leaving work.

⁹ Source: The Digital Edge: Norwegian Company Develops Mobile, Flexible Work Force.

¹⁰ Source: Case Study: The Guardian Life Insurance Company of America, Washington State University Cooperative Extension Energy Program and Commuter Challenge, April 1999.

Procter and Gamble

Procter and Gamble is a manufacturer of a broad range of consumer products. The driving forces behind the introduction of flexible work arrangements were to nurture a motivated and engaged workforce, and at the same time improve cost efficiency.

Under the “Work from Home” program, employees are allowed to opt for this scheme if the nature of their work permits. For a better work-life balance, the company actively encourages its employees to take up this scheme. In fact, its office is designed such that there are no fixed seats for the employees. 60% - 70% of the seats are occupied daily. Procter and Gamble drew up a clear workplan and communicated its expectation to its employees. Besides providing a dedicated phone line meant for office work, it also installed a chat software in the employees’ laptop so as to enable them to stay in touch with each other. Employees are also reimbursed for the purchase of ergonomically designed chairs.

Procter and Gamble reported an increase in productivity as a result of a more satisfied and motivated workforce. Savings from reduction in office space were passed on to its customer without lowering the quality standards of its products.

For the successful implementation of flexi-work, the company stressed that it is important to communicate the policies clearly and explain their rationale in a clear and transparent manner. Secondly, it is useful to pilot the scheme on a group of employees to showcase the success of the programmes. It would be easier to generate employee support if they could see tangible evidence of success.

ANNUALISED HOURS

Origins

The concept of annualised hours was first introduced in Sweden in 1977 when the paper mills adopted it to cover 24-hour seven-days-a-week working arrangements. This scheme has been commonly adopted by companies whose operation is seasonal in nature, or in manufacturing industries where production is carried out round-the-clock, seven days a week.

Definition of annualised hours

The key feature of annualised hours is the replacement of a weekly- or monthly- hour contract with a yearly-hour contract. Instead of a 44-hour week, an employee may, for example, be on a contract for 3,000 hours per year. The pay system is structured in such a way that the employees receives a fixed monthly payment, regardless of the number of hours he works during a month, so long as the total number of hours worked per year does not exceed the contractual annual hours. This system eliminates overtime in most instances, except where the annual hours worked exceed the contractual annual hours.

Annual hours are usually made up of three components:

- a) Rostered hours:
This refers to the total number of hours of work required in a year. It is calculated on the assumption that the operation runs smoothly without any problems such as machine breakdown or absenteeism;
- b) Holidays:
These are fixed under the normal rules that apply in establishments. It includes public holidays;
- c) Reserve hours:
It is these hours that define the scheme. These are additional hours built in to cater to various situations such as absenteeism, difficulties encountered in shifts or for training. Employees will be rostered on an “on call” basis to work if they are required. They are not paid extra for work during these occasions because these hours are already factored in their monthly wage.

Hypothetical Example:	
Rostered hours (250 shifts @ 10 hrs)	2,500 hrs
Holidays	200 hrs
Reserve	
- Training	100 hrs
- On call	200 hrs
Total contractual annual hours	3,000 hrs

Benefits

- Savings in manpower cost - companies which have implemented the scheme found that the elimination of overtime cost creates substantial savings which more than made up for the increase in basic wage and other incentives offered to gain acceptance of the scheme;
- Staffing levels can be varied to meet fluctuations in product and service demand;
- Higher productivity - with the elimination of overtime payment, employees realised that the way to gain is to protect their “reserve hours”. If not called in during the “reserve hours”, they could gain an equivalent of several weeks’ holidays. To protect the “reserve hours”, employees become more productive and are motivated to find the most efficient ways to complete their work;
- Improved teamwork and co-operation - to increase work efficiency, employees are more inclined to co-operate with their team members to ensure that work is completed on time.

Problems/Challenges

- There is a need to set up an efficient administrative mechanism to support this working arrangement, particularly with regard to the scheduling of work rosters and tracking of work hours;
- This system is complicated and may be difficult for staff to understand;
- Employees need to keep track of their hours worked in order to organise their time efficiently;
- It may not be possible to include all staff in the arrangement, for example those in jobs where continuity of service and customer contact is essential. This may lead to resentment, unless alternative arrangements can be made.

Key implementation considerations

- Before implementing the annualised work arrangement, the employer need to conduct a thorough study of the fluctuations in workload and staff requirements throughout a period in the year, and be able to accurately predict future trends;
- When preparing the rostering system, the following issues will need to be taken into account and clearly explained to employees:
 - the number of hours (minimum and maximum) an employee is required to work in a given period;
 - the procedure for notifying employee on work requirements and rosters;
 - whether there are any “protected periods” where employees will not be required to work under any circumstances;
 - any “rest periods”;
 - the procedure for employees to notify their supervisors if a particular shift is inconvenient;
 - the means for employer to vary the arrangement after giving reasonable notice.To avoid misunderstanding and disputes, it may be prudent for the employer to set out the work arrangements in a formal contract;
- Employers should give thoughts to some practical issues before implementation. For example, with regard to salary payment, the usual practice is for salary payment to be made in equal installments at stipulated periods. However, this would result in a situation where the employee would “owe” his employer a certain number of hours; or conversely the employer would “owe” the employee salary for certain hours worked. Employers need to explain this clearly to employees and have a clause in the employment contract to avoid misunderstandings. There should also be a clause to facilitate both parties to recover the outstanding payment should the employment contract be terminated prematurely;
- To facilitate the introduction of annualised hours, the Ministry of Manpower is currently looking into how the practice of annualised hours could be implemented to enable companies to have the necessary flexibility without undermining the interests of workers.

Case Examples

Siemens GEC ¹¹

Siemens GEC is a leading independent supplier of business equipment in the UK. The company introduced the annual hours concept to meet customers' preference that telecom installations take place outside working hours.

Engineers have 7 choices of annual hours they could work - from 1,800 to 2,520. Having chosen the hours that suited his or her requirement, each engineer was guaranteed the work level for one year and received the same pay each month. Additional allowances are given only in exceptional situations because a certain number of contingent hours are already built into the monthly wage.

The scheme was well received by the engineers as it offered a higher guaranteed monthly pay. For the organisation, labour cost was more predictable and there were very few incidents of cost overrun.

Queen's Hospital ¹²

Queen's Hospital is a private hospital for acute patients. It introduced the annual hours concept in 1996. Staff can choose to work the full-time hours of 1,950 hours per annum or various part-time hours. They are issued with a provisional roster for each month and they could indicate when they would be available for extra work. During the month when there is a sudden increase in workload, the staff who indicated availability may be asked to work. On the other hand, when the workload declines, the staff on that shift are asked if they would prefer not to work.

Under the scheme, employees may choose to make themselves available for extra work for certain months of the year, and subsequently work fewer hours or take a few extra weeks of holiday.

The key benefit of the scheme is that it enables the hospital to maintain its staffing level at an optimal level to meet the hospital's workload. Under the traditional shift pattern, if the workload is reduced for any reason, the staff in that shift is under-utilised and resources are wasted. However, under the annualised hours arrangement, the rostered hours are reduced accordingly when the workload declines. For the employees, the scheme gives them the flexibility to fit their working hours to meet their private commitments.

Kelloggs' ¹³

As part of the annual hours system in Kelloggs' at Wrexham, employees work a shift pattern of 12-hour day and night shifts. Instead of overtime, annual-hour includes a quota of "banked hours" which employees could be asked to work anytime. The system, which gives long breaks between shift changes, also provides three 18-day breaks during the year and guaranteed earnings.

With the scheme, Kelloggs' has gained substantial rise in the capacity of its plant, which now operates 24 hours a day making breakfast cereal. For employees, they experience less stress and enjoy stability of higher income.

¹¹ Source: "Flexible Working Practices: Techniques & Innovations", John Stredwick & Steve Ellis, Institute of Personnel and Development, 1998.

¹² Source: "Flexible Working Practices: Techniques & Innovations", John Stredwick & Steve Ellis, Institute of Personnel and Development, 1998.

¹³ Source: TUC Case Study: Flexible Working Hours

FLEXIBLE WORK ARRANGEMENTS IN SMALL BUSINESSES: THE CANADIAN EXPERIENCE ¹⁴

In 1999 - 2000, the Centre for Families, Work & Well-Being, conducted a study on Family-Friendly Practices and Flexibility in small companies in Canada. The survey covered a total of 2,200 establishments with fewer than 100 employees across 5 provinces in Canada: British Columbia, Nova Scotia, Ontario, Quebec and Saskatchewan.

Responses were received from over 300 companies. The median workforce size of these companies was 24 employees. About half of the companies had between 10 - 25 employees.

The results of the survey revealed that:

- Over 80% of the companies provide at least one type of flexible work arrangement;
- In most cases, flexibility is provided on an informal basis;
- The most prevalent alternative work arrangement is flexi-time.

In focus group discussions with owners and managers of small companies on the motivations and challenges in providing flexibility at work, it was found that:

- When employers support the work-life needs of employees, the employees usually reciprocate with better work performance and commitment;
- Employers said that their employees respect the flexibility and support given to them, and generally use it judiciously;
- While the companies trust their employees to use the flexibility wisely, they are also vigilant that it is not abused;
- The challenge is in balancing the need to meet customer demands while providing flexibility to employees. Small businesses acknowledge that there is a tension between wanting to support employees and running their businesses without compromising efficiency and standards;
- Communication is the key to making flexibility work.

KEY SUCCESS TIPS ON THE IMPLEMENTATION OF FLEXIBLE WORK ARRANGEMENTS

- Make sure that the proposal is backed by a strong business case with measurable benefits.
- Talk to employees to find out what would meet their needs. Take time to work through the stages of discussion and explanation.
- Develop an effective monitoring system to track the benefits generated by the scheme. Set clear goals and targets.
- Support and ownership from top management is crucial. This ensures that the initiative is taken seriously by all.
- Have the policy framework documented to reinforce the ideas and to reduce ambiguity.
- Build an effective communication strategy. Clear and continuous communication is essential to keep all employees informed of the latest developments.
- Start small. Initially start the scheme on a pilot basis to see what works and what does not.
- Flexibility works best if there is a high degree of trust between employers and employees.

CONCLUSION

Flexible work arrangement is a relatively new concept in Singapore. Unlike US and Europe, local companies are slow in implementing flexible work arrangements. According to the 2000 Conditions of Employment Survey¹⁵, only 3.0% of the private sector employees were on some form of flexible work arrangements.

As the global war for talent intensifies, there is an increasing need for companies to adopt innovative HR strategies to attract and retain valued employees. Judging from the experience of the Western countries, flexible work arrangements will become an important element of companies' HR strategy as work-life balance becomes a rising concern of the workforce, especially among the new generation of better educated and mobile employees. It is therefore important for local companies to seriously consider implementing flexible work arrangements in order to effectively meet their objectives of attracting, motivating and retaining employees.

¹⁵ Conditions of Employment, 2000 - A survey conducted by the Manpower Research & Statistics Department, Ministry of Manpower. See detail report at Appendix 1.

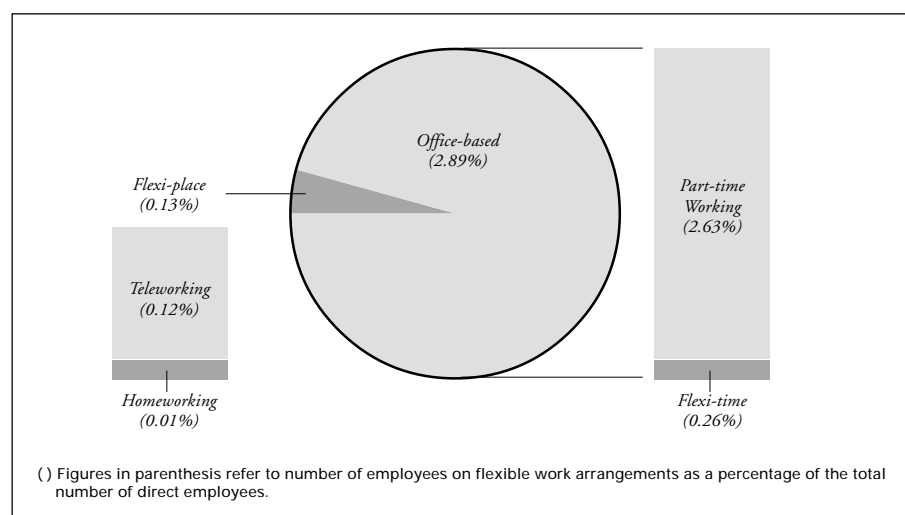
STATISTICS ON FLEXIBLE WORK ARRANGEMENTS IN SINGAPORE ¹⁶

Only a minority 3.0% (29,170) of the private sector employees were on some form of flexible working arrangements. Such arrangements were either office-based, whereby the employees worked primarily in the office, or flexi-place, whereby they performed work in places other than the office although the employees may be required to spend certain times or days in the office to be informed about developments in the organisation.

About 2.9% (27,915) of the employees were on office-based flexible work arrangements such as normal part-time working or flexi-time while only 0.1% (1,255) were involved in flexi-place arrangements in the form of either teleworking or conventional homeworking i.e. without the use of infocomm devices (Chart 1).

Nine out of every ten private sector employees on office-based flexible work arrangement were working part-time (25,401) and the remaining were on flexi-time (2,514). Part-time employees usually have pre-arranged start and finish times and normally work less than 30 hours in a week, whereas employees on flexi-time are allowed to vary their daily start and finish times as long as they work the total hours agreed upon for an accounting period.

Chart 1: Distribution Of Employees On Flexible Working Arrangements By Type Of Working Arrangement, June 2000



Among the employees with flexi-place work arrangements, 93% of them were involved in teleworking (1,165) while the remaining 7.1% were engaged in traditional homeworking (90). Teleworkers are employees who perform work using communication and information technologies while homeworking is an arrangement concerning people undertaking work primarily in their homes without the use of these technologies.

By Sector

Flexible work arrangements were more prevalent among staff in the services sector (5.0% of services sector employees) compared with the manufacturing (1.1%) and construction (0.6%) (Table 1). Within the services industries, the hotels & restaurants had expectedly the highest percentage of employees (20%) under flexible work arrangements, followed by retail trade at 13% and community & personal services at 5.2% because of their heavy reliance on part-timers.

¹⁶ The extracts on Flexible Work Arrangements is taken from the survey report on the Conditions of Employment, 2000 produced by the Manpower Research & Statistics Department, Ministry of Manpower. The detail report is available online at <http://www.mom.gov.sg/manpower/manrs/manrs5.htm>

Working part-time was the most prevailing form of flexible work arrangements covering 2.6% of the private sector employees. In hotels & restaurants, all of the employees who had flexible work arrangements were under the part-time scheme.

Likewise, the majority (over 90%) of the employees with flexible work arrangements in the retail trade, community & personal services and financial services industries were on part-time.

Table 1: Percentage Of Employees On Flexible Work Arrangements By Type Of Working Arrangement And Sector, June 2000

Percentage

	Total	Office-based		Flexi-place	
		Normal Part-Time	Flexitime	Teleworking	Homeworking
Total	3.02	2.63	0.26	0.12	0.01
Manufacturing	1.07	0.74	0.25	0.07	0.01
Construction	0.58	0.56	0.02	...	...
Services	5.00	4.45	0.34	0.19	0.01
Wholesale Trade	1.91	0.67	0.22	1.00	0.02
Retail Trade	12.80	12.59	0.21	...	...
Hotels & Restaurants	20.19	20.19	...	...	...
Transport & Communications	1.25	0.86	0.39	...	...
Financial Services	1.10	1.03	0.01	0.03	0.04
Business & Real Estate Services	3.19	2.04	1.09	0.06	...
Community & Personal Services	5.23	5.09	0.08	0.01	0.05

Figures refer to number of employees on flexible work arrangements as a percentage of the total number of direct employees.
... negligible/nil

Flexi-time arrangement was less prevalent involving 0.3% of all the private sector employees. Teleworking was even more uncommon. Only 0.1% of the private sector employees were teleworking. Conventional homeworking was the least common type of flexible work arrangements practised by only 0.01% of the employees.

By Occupational Group

Flexible work arrangements were more common among clerical, sales & service personnel. Close to 7.8% of them were on flexible working arrangements mainly in the form of part-time work (Table 2). The percentage was significantly lower for professionals, managers & technicians (1.6%) and production operators, cleaners & labourers (1.2%).

However, in terms of teleworking, the incidence was the highest among professionals, managers, technicians & executives with 0.3% of such employees on such arrangement compared with 0.1% for clerical, sales & service workers.

Table 2: Percentage Of Employees On Flexible Work Arrangements By Type Of Working Arrangement And Occupational Group, June 2000

Percentage

	Total	Office-based		Flexi-place	
		Normal Part-Time	Flexitime	Teleworking	Homeworking
Professionals managers, Technicians & Executives	1.59	0.61	0.68	0.29	0.02
Clerical, Sales & Service Workers	7.79	7.47	0.18	0.12	0.01
Production & Transport Operators, Cleaners & Labourers	0.58	0.56	0.02	...	...

Figures refer to number of employees on flexible work arrangements as a percentage of the total number of direct employees.
... negligible/nil

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FEEDBACK FORM

Case: Flexible Work Arrangements

We value your feedback. Please take some time to fill in this feedback form & fax it back to us.

1. How useful is this case study in providing you with some suggested approaches to deal with the HR issues/problems faced by your company?

Very useful Useful Moderately Useful Not useful

2. How do you rate the presentation and user-friendliness of this case study?

Very good Good Neutral Poor

3. Would you consider implementing at least one of the strategies/approaches highlighted in the case study?

Yes No

4. For future case studies, what other topics would you suggest?

Workplace Health/Environment

Employee Stock Option Scheme

HR Outsourcing

Flexible Benefits

Monthly Variable Components

Others _____

Other comments:

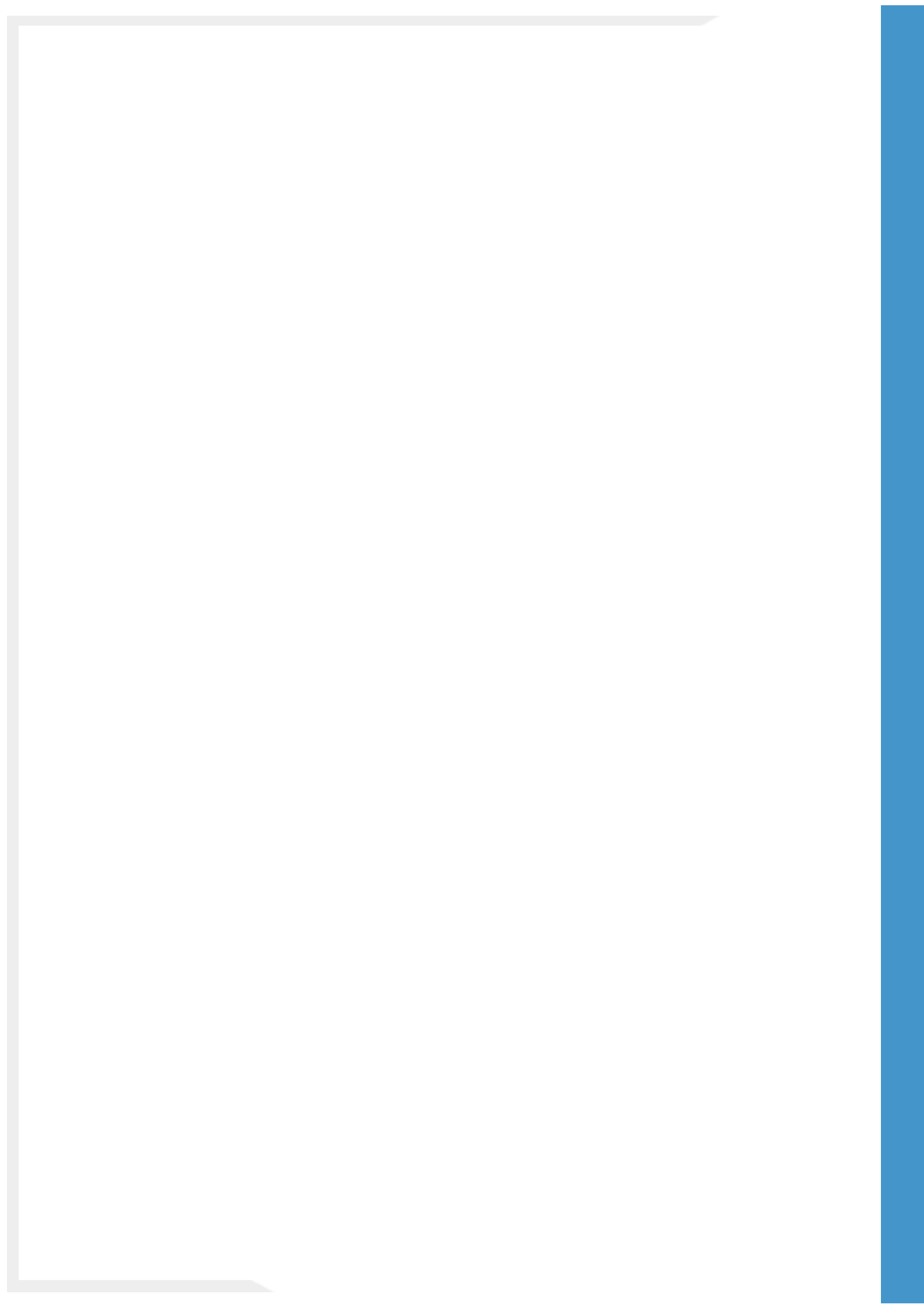
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Organisation: _____ Tel No: _____

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Flexible Work Arrangements

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