

## **WILL FLEXIBILITY INCREASE COMPETITIVENESS**

Don't flail against the world, use it. Flexibility is the operative principle in the art of war."

**(Sun Tzu (sun Wu) (c. 400BC), Chinese Warlord, The Art of War)**

I would not dare to question whether or not Sun Tzu is correct in his assessment of the situation because in any kind of naval or military campaign it is imperative to have flexibility of resources and flexibility in being able to change tactics in response to ever changing circumstances and, therefore, it can be applied to the world of business.

However, I pose the question for the fundamental reason that there are two types of flexibility in the workplace, flexible pay deals and flexible working arrangements and it is the latter I want to address. The subject of working hours is something that is or should be dear to the heart of anyone who wants to achieve a better life/work balance, because there is still general agreement that too many people, especially in the UK, spend far too long at work and that there is still a need to make much greater effort to help people make the best use of their time and effort at work.

I also suspect that many people in UK spend far too much time commuting to and from their place of work, often delayed because of the very poor and often unreliable public transport systems and busy road networks, and that is because too many employment opportunities, especially in the south-east of the country, are located in and around the capital, London.

In the past few years it has become fashionable, well politicians and senior businessmen appear to want to preach the merits of such a creed, to refer to flexibility as the key to productivity, increasing competitiveness and, presumably, profitability. More often than not this obsession with flexibility leads to such meaningless statements like, "we have the most flexible labour force in Europe", or "flexible economic policies means the value of a currency can be shifted up and down to meet changing conditions".

There is yet another cry of politicians, economists and of course business leaders that suggests if you keep down the costs of labour then you can actually employ more people but, conversely, if the labour market is too expensive then this will lead to increases in unemployment and that therefore it is imperative to have a completely unregulated labour marketplace with complete wage flexibility coupled with the process of performance-related pay. In other words, business has a very tight rein on the workplace, working conditions and workplace practices, procedures and pay.

There is also some confusion over whether one refers to a flexible labour market or to flexible working practices because the two are not compatible. The former refers to employment or unemployment and the ease with which the supply and availability of labour responds to changing wage conditions; and the latter deals with the matter of how business can make the best possible use, without exploiting, the availability of labour and whether or not labour is content to work flexible work patterns to meet the demands of business. This flexibility includes different shift patterns, different hours, alternate days or nights, alternate weeks, an agreed and fixed number of hours per week or month, seasonal work, fixed-period contract work or any other combination of hours, days and weeks and working from home or telecommuting. Flexibility suggests it is paramount to work to achieve consensus and a degree of 'give and take' rather than impose solutions.

But is flexibility over working hours the panacea to business success and what can be done to ensure that such a creed is in the best interests of owners, managers, employees and customers? I include all 4 'stakeholders' because very often the interests or demands of one conflicts with the interests or demands of another, and because employees are also customers and businesses rely on customers and that is why it is important to work to achieve equilibrium by being as flexible as possible.

Dictionaries offer a choice of definitions on the matter of 'flexibility', but the ones that immediately spring out, especially when relating to the issue of work are, "adaptable to changing circumstances or conditions" and, "manageable and capable of bending without breaking". The former definition implies, again referring to business in particular, that it is possible to change a production line, a particular product or service, the number of people employed in a specific section or area in the business or work-shift patterns, at the drop of a hat and these days that is sometimes referred to as 'resource re-alignment'; and, the latter implies that there is a limit to such processes beyond which something will break and will not be able to function. I suspect that it does not take into account the degree of flexibility in the human element of work and the workplace.

Hardly a week goes by without read about people who work in high-pressure jobs in the City, presumably financial services related to the buying and selling of shares, and the shuffling of currencies, pursuing a case for unfair dismissal because of the attitude, aggressiveness or poor command of language associated with a dictatorial managerial approach, or, because of a lack of flexibility and more especially for women?

The number of incidences where individuals, and sometimes groups of employees, now seek redress through employment tribunals or the courts for poor management practice relating to pressure and unfair dismissal is increasing and it suggests, to me, that perhaps many workplaces, following regular programmes of downsizing and delayering to reduce costs and increase profit margins, have become places where many of us would not wish to work because they are inflexible.

The result, apparently, is increasing levels of stress driven, allegedly, by much greater internal influences and demands being placed on people in the work place, by external factors such as poor and unreliable public transport systems, the desire to attempt to 'keep up with the Joneses', an increasing ageist approach to recruitment and employment opportunities and by personal factors such as the need to repay mortgages, the need to spend time with family and to pay back student loans.

Customers want to be able to purchase products or have access to products or services that they require when it is most convenient to them and not determined and dictated by the hours that a company is open for business. Therefore, they want to be able to access information on those products or services when they have a need and that is why it is paramount that companies make much greater and better use of the Internet to provide such advice, products and services.

On the one hand I suspect that the vast majority of people would like to work the number hours, days or weeks that are most suited to their individual needs taking into account personal circumstances and responsibilities like spouses, children and other family commitments. And, greater flexibility of working hours would also reduce the ridiculous strains and stresses on public transport and road and rail networks and might even improve competitiveness. We need to move from the 9 to 5 ethos and mentality.

On the other hand owners and managers of companies and organizations wish to see their employees at their place of work responding to the demands of customers, depending on their area of business and commerce, even to the point of providing 'out-of-hours' contact numbers. This situation is exacerbated when a company or organization has international or global connections, with whom they do business, and differences in global time zones must be taken into consideration. For example, companies involved in buying and selling currencies have a marketplace that operates 24 hours a day, companies offering telecommunication services must operate on a 24/7 basis and of course hospitals are open 24 hours a day, so why not divide up the day between shifts of employees so that they are not all tied to their desks simultaneously.

But to return to the subject in hand, that is the matter of flexible working and flexible practices. Government is fond of telling us, not advising, that the UK has a very flexible workplace and that many UK companies offer a variety of employment opportunities that allow for greater flexibility in working hours, days, weeks and even months, flexible seasonal contract work, flexible location working, part-time working or short-term contract work as part of the process of improving a life/work balance, and that this increases our competitiveness. So much so that, apparently, this flexibility is, according to government, a magnet for foreign companies to invest in the UK rather than in many of our European neighbours in the European Union (EU).

In fact nothing could be further from the truth. A study into employment and labour market flexibility, conducted by Cranfield School of Management in July 2006 and involving data produced from 8,000 companies in 32 countries showed that when it comes to flexibility in the workplace the UK is far behind many of our European neighbours. In fact less than half of British employers offer any form of flexible work patterns compared to a massive 94% in Sweden, 92% in Finland and 90% in Germany.

And, according to the same study, when it comes to teleworking or telecommuting systems of work we are way behind our European neighbours; only 20% of UK companies offer such opportunities compared to 44% in Germany, 40% in Norway and 39% in Denmark; and even in such areas as job sharing or part-time work the statistics are slightly better but again they do not support the notion that the UK is a flexible workplace. And yet, flexible work schedules are something that people want.

The only area in which the UK is, apparently, more flexible than most other European countries is in the ability of companies to make people redundant because it is much easier to 'hire and fire' people in the UK than in other European countries; and the fact that the government insists on not agreeing to the European Union Working Time directive, part of the European Social Chapter, on the maximum 48-hour week, strengthens that attitude. So much so that it has, allegedly, entered into agreements with other EU countries to support their views on other issues in return for their support in allowing the UK to continue to opt out of the Working Time Directive.

Furthermore, the most recent British legislation, the anti-ageism legislation introduced on 01 October 2006, but many years if not decades behind other European countries and the USA, is allegedly designed to increase workplace flexibility by allowing companies to employ people beyond age 65, if the employee asks to continue working. But because there is now a national default retirement age of 65 it also allows the employer to terminate an employment contract for anyone over 65 giving 6 months notice; in some circumstances it has encouraged companies to remove staff earlier.

This is being done, allegedly, because the government has, belatedly, realized that by the end of the first decade of the 21<sup>st</sup> century approximately one-third of the population in UK will be aged over 50; that if they did not introduce such legislation they would find themselves challenged by the EU Commission and Parliament for avoiding or evading EU agreements; and, I suspect it is also being introduced now because there is increasing pressure on private and basic state pension systems to meet that increasing demand for pension payments as the population increases in age.

However, even in the present employment scenario it appears that the majority of companies and organizations in UK Plc still choose to employ people only between the ages of 25 and 49; and, it is also a sorry fact that once people over age 50, more particularly males, are made redundant their chances of re-gaining some form of appropriate and meaningful employment are only 30%. So much for flexible working in UK Plc; so many companies and organizations pay lip-service, nothing else.

So, I wonder if the anti-ageist legislation will in fact help to increase that 'sought-after' flexibility so often demanded by those at the top of organizations; I wonder whether or not that flexibility will allow for the recruitment and retention of employees over the age of 55 or 60 because the retirement age is still seen as 65, just as long as they can contribute to the success of a company; and, I wonder if that flexibility will actually increase or improve competitiveness. Most of all I wonder if companies, by that I mean directors and senior managers, will at last realize that it is not simply a case of wage flexibility but flexibility of employment in terms of hours, weeks and months, and flexibility in the age of employees, that best meet the demands of the employees as much as the demands of the company and shareholders; or, will they stick to their company rules and regulations and their very obvious prejudices? As the successful American businesswoman, Alice Foote MacDougall, wrote in 1928,

"... a large portion of success is derived from flexibility. It is all very well to have principles, rules of behavior concerning right and wrong. But it is quite as essential to know when to forget as when to use them."

**(Alice Foote MacDougall (1867–1945). The autobiography of a businesswoman (1928))**

Is this yet another piece of legislation that will not lead to increased flexibility of employment, flexibility in terms of hours of employment and flexibility in age throughout the organization and to a fundamental change of attitude in the workplace? Or will it only encourage senior managers, with appropriate legal advice, to find yet more ways of avoiding the issue and continue to remove older employees from their labour force?

Whatever transpires I suspect it will only be those organizations that realize it is time for management to implement a flexible structure that takes into account the needs and wishes of the human beings who work there, that encourages their involvement and input into internal and external processes and procedures and even decision-making as well as meeting the demands of the human beings who own the shares.

(2364 words)

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