

SMEs and flexible working arrangements

Shirley Dex and Fiona Scheibl



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Tel no +44 (0)117 954 6800
Fax no +44 (0)117 973 7308
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Shirley Dex is currently a Principal Research Fellow at the Judge Institute of Management, University of Cambridge, and **Fiona Scheibl** is a Research Fellow at the Institute of Employment Relations, University of Warwick, formerly at the Judge Institute of Management.

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Towards the end of this project, the Eastern Region Development Agency in partnership with the Eastern branch of Business in the Community funded us to carry out a project which overlapped with this one and involved a mapping of agencies in the region relevant to equal opportunities which was taken to include family-friendly working arrangements. We were able to enhance our consideration of how good practice can be transferred by this additional project.

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Introduction

Paid work and family life have both been subject to pressures and change which are well documented (Dex, 1999). As well as the increasing fragmentation of families, the intensity and insecurity of work have increased under competitive pressures. There have been spillover effects from the workplace into family life and from family life into the workplace, with costs of stress and absence having increased (CIPD, 2000). Many commentators have recognised these pressures. Among them are governments, businesses and voluntary agencies. Some workplaces have been changing to adapt to what they call demographic changes in the composition of the workforce as well as workers' demands for more flexibility. A corporate-led agenda emerged in the US, Australia and Britain in the 1980s which has pioneered more flexible working arrangements in some companies (Scheibl and Dex, 1998). Originally these arrangements were aimed at helping the newer workforce of women with children, but gradually the needs of male employees and a wider range of responsibilities have been considered.

The new Labour government in Britain issued various statements, after the 1997 election, indicating a recognition of the need to support families and encourage flexible working arrangements (for example, DfEE, 1998; Home Office, 1998; DoH, 1999; DfEE, 2000), and new legislation has also been forthcoming on parental leave and weekly working time restrictions. The latter have come to Britain through the route of European Union Directives which have noted the importance of action to enable men and women to reconcile the demands of work with the demands of their home life. It is undoubtedly the case that societies face a challenge if they are to balance paid work and caring needs (Daly, 1996). It is here that flexible or family-friendly working arrangements may have a contribution to make.

Against this background of social change and new corporate initiatives, this project set out to

research British employers' responses to the elements of so-called demographic workforce changes. Much of the publicity attached to corporate provision of flexible working has been for very large private sector companies, although public sector organisations have also taken a lead in instituting policies for flexible working arrangements. The intention of this project was to focus particularly on small- and medium-sized enterprises (SMEs) which we take as enterprises with less than 500 employees. With the exception of Bevan et al (1999), this sector of the economy has received relatively little research focus but has been expected to have more problems adapting to these changing circumstances. This sector is very sizeable in total. Of the 3.7 million active businesses in the UK in 1999, SMEs with fewer than 500 employees represented 37% (DTI, 2000). However, excluding the 2.3 million sole trader businesses in the total means that SMEs constitute 99% of the rest. SMEs represent a lower but still sizeable proportion of the workforce (55% of all non-zero class businesses or 48% of the total workforce). Women are also more highly represented in SMEs than in larger companies.

At the outset of this project the authors had already carried out employer interviews in 10 SME organisations that could be said to have flexible working arrangements (Dex and Scheibl, 2001). All the SMEs were in the East Anglian region because of the research team's contacts there. This project drew attention to the fact that flexible working arrangements may be more extensive in SMEs than had previously been thought. Flexible arrangements in SMEs were found to be mostly informal in nature and therefore less likely to be recognised. That British SMEs can have innovative human resource (HR) practices had already been recognised (Bacon et al, 1996; Storey et al, 1997; Wilkinson, 2000). The current project set out to extend the depth of the earlier project by returning to interview employees at

these 10 SMEs. However, a new research design was constructed to answer a new set of questions. The original 10 SMEs became one component of this new project design. The aims of the current project are described below. The details of the new design are covered in Chapter 2.

Research aims

The main objective of the new project was to consider how to support the development of flexible and family-friendly working practices in SMEs. The project had a number of specific aims:

- to develop an understanding of organisations' responses to changing work–family circumstances covering those who had, as well as those that did not have, flexible working arrangements;
- to determine the extent to which the transfer of good practice can be made across organisations that share similar working patterns;
- to provide practical examples of how SMEs in the region have successfully implemented family-friendly working arrangements; and
- to examine the role and effectiveness of community resources (in the East Anglian region) as a mechanism for disseminating good practice.

The design adopted to answer these new issues involved finding and researching a new set of SMEs that did not offer flexible working arrangements to their employees. The processes of seeking out, recruiting and researching such a group of SMEs is described in full in Chapter 2, along with the problems encountered along the way.

We began the original research project in 1997 with a concept of 'family-friendly' organisations. At the time the concept was still in vogue in Britain, if disputed in some quarters. It was used to classify companies' employment policies, in particular, whether employees were offered working arrangements that helped them combine work and family life. During this project, it became more common to discuss these issues under the heading of work–life balance. The Joseph Rowntree Foundation programme of which we are a part is about work and family life. It seems appropriate, therefore, that we retain our basic interest in family-friendly policies and practices in SMEs. However, to be inclusive and sure we did not miss any relevant arrangements,

we have tended to present our research focus to employers and employees as being about flexible working arrangements, sometimes called family-friendly or work–life balance arrangements.

Flexible working arrangements

At the outset of this study we had in mind certain types of working arrangements. We adopted a wide view on our definition and subsequent questioning without prejudice to whether it was mainly the employer, the employee or both who were benefiting from the flexibility. We included formal and informal policies as well as practices. A list of the working arrangements we included is presented in Chapter 2.

We decided to leave out a focus on statutory arrangements although it was not possible to maintain this strictly. In some cases, the employer told us that the organisation had not implemented statutory arrangements. The Labour government's legislative programme also made the baseline statutory conditions change over the life of this project. We were obliged, therefore, to take some account of this in the questions and topics we covered in interviews.

A cautious interpretation of the available information in the mid-1990s suggested that family-friendly policies and practices were not widespread among British employers and were most prevalent in the public sector and large unionised companies (Brannen et al, 1994; Forth et al, 1997). The current levels of provision show an increase on earlier levels and are recorded in data from the Workplace Employee Relations Survey (DTI, 2000; Dex and Smith, 2002), and most recently from the Department for Education and Employment (DfEE) *Work–life balance 2000* baseline study (Hogarth et al, 2001). A review of some of these figures, up to the point at which our research commenced, is provided in Chapter 3.

Plan of this report

In the rest of this report we review the design of our research and the methods used (Chapter 2) and summarise the characteristics of the organisations studied (Chapter 3). In Chapters 4 to 7 we present our analyses of the organisations and their employees. Our final conclusions and their relevance to policy are presented in Chapter 8.

Research methods

At the outset of this research project we had already carried out interviews with the managers/employers at 10 SMEs in the East Anglian region who had developed family-friendly practices. We call these the *high-flex(ible) set* in the rest of this report, the fieldwork having been carried out in Phase 1 of the project. The empirical work required to complete this research project, Phase 2, was conducted in a number of stages.

Stages of Phase 2 of this research project

1. Return to the original 10 high-flex SMEs to interview their employees about whether they see the flexible arrangements as beneficial and genuinely family-friendly.
2. Recruit and interview HR managers of a set of 10 SME employers in the East Anglian region who have hardly implemented any flexible or family-friendly working arrangements. We call these the *low-flex(ible) set* in the rest of this report. The low-flex set were matched to the original 10 SMEs by industry and type of work.
3. Interview the employees of the new 10 low-flex SMEs to see how their responses compare to those of employees working in relatively high-flex working environments.
4. Compare the SME employees' responses and needs between the high-flex and low-flex sets in order to identify what is genuinely good practice in the provision of flexible working arrangements.
5. Analyses of the data were intended to follow the above stages of data collection.

Recruitment of the case study SMEs

Our sampling strategy had two separate 'phases':

Phase 1

During Phase 1, before the start of the current project, we sought out and recruited SMEs that made flexible provisions. We used a combination of strategies to locate and gain access to SMEs including personal contacts, a local business agency (Cambridge Business Links provided contacts) and cold-calling telephone and mail-out methods. We defined flexible working practices as non-statutory arrangements recognising that they might be informal in nature. The range of practices included was:

- the option for staff with full-time hours to request to work part-time;
- flexi-time or informal flexibility (permission to arrive later or leave early);
- the option to work from home;
- job share;
- maternity leave extended beyond the statutory entitlement;
- parental leave;
- paternity leave; and
- emergency leave.

In the interviews we also asked about leave to care for older relatives; term-time only work; assistance with childcare or workplace nurseries; career breaks; annualised hours; and compassionate or discretionary leave. As expected, we did not find many SMEs who provided any type of help with childcare. Because of this, such arrangements are not analysed in this report.

This procedure secured successful interviews with HR managers or managing directors (MDs) at 10 SMEs who had a range of flexible practices (Table 1). The organisation names used are all fictitious. The number was subsequently increased by two after the Phase 2 fieldwork, as described below.

Table 1 : Details of matched organisations and interviews

High-flex set		Low-flex set	
Organisation name	Activity	Organisation name	Activity
MAGNETICS Interviews	<i>Manufacture of promotional products</i> Project manager (male) HR manager (female) Accountant (female) Factory hand (female) Screen printer (female)	THE PAPER COMPANY Interviews	<i>Manufacture of diaries for commercial market</i> Factory manager (female) Office manager (acting HR manager) (female) Accountant (female) Factory hand (female)
BROADCAST Interviews	<i>Manufacture of TV and radio parts</i> HR manager (female) Cable technician (male) Receptionist (part-time) (female)	ELECTRICAL PARTS* Interviews	<i>Manufacture of electrical parts for motor racing industry</i> HR manager (female) Machine operator (male) Clerical assistant (female)
DIAGNOSTICS Interviews	<i>Manufacture of photographic equipment for health industry</i> HR manager (female) Administrator (female) Lab technician (female)	MEDICAL TOOLS Interviews	<i>Manufacture of instruments for health industry</i> MD (male) Accountant (acting HR manager) (male) Scientific design manager (male) Semi-skilled factory hand (female) Manufacture of cement MD (male) Works/HR manager (male)
PHARMACO Interviews	<i>Manufacture of base pharmaceuticals</i> HR manager (female) Lab technician (female) Accountant (male)	CEMENTCO Interviews	
		VACCINES FOR HEALTH Interviews	<i>Research and development of vaccines</i> HR manager (female) Senior scientist (female) Lab technician (male) Accountant/marketing manager (male) IT support (male)
SOFTWARE Interviews	<i>Design of software for computer industry</i> HR manager (female) Project manager (female) Administrator (male)	ELECTRICAL PARTS (HIGH TECH SECTION)* Interviews	<i>Design of electrical parts for racing car industry</i> HR manager (female) Software design engineer (male) Senior scientist (male) Recruitment officer (female)
QUALIFICATIONS COLLEGE Interviews	<i>Provision of educational services</i> HR manager (female) PA to Dean of School (male) Part-time teacher (female) IT support (male)	RETURN TO STUDY COLLEGE Interviews	<i>Provision of educational services</i> Head of department (acting HR manager) (female) 3 part-time teachers (all female)

(continued)

Table 1 : Details of matched organisations and interviews (continued)

High-flex set		Low-flex set	
Organisation name	Activity	Organisation name	Activity
BOOKS Interviews	<i>Publication of academic books and journals</i> HR manager (female) Commissioning editor (female) e-journal editor (male)	SMALL PUBLISHERS Interviews	<i>Publication of academic books</i> Office manager/department head (female) Commissioning editor (female)
PUBLISHERS Interviews	Publishing HR manager (male) Commissioning editor (female) Secretary (female)		
CHARTERED SURVEYORS Interviews	<i>Architectural, surveying, engineering activities and related technical consultancy</i> HR manager (male) HR assistant (female) Senior surveyor (male) Secretary (female) Surveyor (female)	TECHNICAL SERVICES Interviews	<i>Multi-disciplinary engineering services</i> HR manager (female) Project manager/engineer (male)
SMALL AGENTS Interviews	<i>Architectural and engineering activities and related technical consultancy</i> MD (male) Senior surveyor (female) Sales administrator (female)	THE PARTNERSHIP Interviews	<i>Professional and technical architectural services</i> MD (male) HR manager/job architect (male) Project architect (female)
WOODCARE ADVICE Interviews	<i>Marketing chemical woodcare products</i> HR manager (male) 3 marketing managers (2 female, 1 male) Joinery brand manager (female)	BIG AGENTS Interviews	<i>Surveying, engineering and related technical consultancy</i> MD (male) Surveyor (female) Accountant (female) Administrator (female)
RECORDS Interviews	<i>Arts/media</i> HR manager (female)	THE VIDEO COMPANY Interviews	<i>Leisure</i> HR manager (female) Company accountant (male) Administrator (female) Mosaic assistant (male)

Note: * Electrical Parts and Electrical Parts (High Tech section) are two sites of the same organisation carrying out different types of work. We count them as one organisation in the overall sample, but treat them as separate in the analysis because they had different working arrangements at each site.

Phase 2

During the second phase of the research, in order to recruit low-flex organisations, we relied mostly on ‘cold-calling’ methods plus a few contacts to find suitable SMEs. A standard letter was sent to 50 SMEs selected as relevant from a list obtained from Cambridgeshire County Council. The letters were followed up with telephone calls over a period of weeks until interviews were organised or the SMEs withdrew. Organisations were encouraged to participate by our emphasising the need to understand the barriers and problems flexibility would create.

The problems that arose in organising recruitment of low-flex SMEs, the matching process and the employee interviews at the high-flex organisations are as follows.

It was not possible to return to all the original 10 high-flex SMEs to carry out employee interviews despite earlier agreement by the employers. Only nine ultimately gave permission for employee interviews. One, Records, was involved in a restructuring exercise when we were due to return and the organisation did not want us to interview employees. However, we were able to recruit two additional high-flex employers and do further interviews with their managers and employees, making a total of 12 high-flex organisations for analysis (Table 1).

Recruiting employers for the low-flex set was also problematic for a number of reasons:

- In the case of one low-flex SME, the HR manager agreed to be interviewed and arrange employee interviews, but after this interview the employee interviews were never set up by the manager despite regular appeals from the researchers.
- In the case of one low-flex SME, after the HR manager interview, the company announced a restructuring programme in which flexible working arrangements were to be introduced, thus making them more flexible and not strictly qualifying.
- In a set of screening telephone interviews, some of the telephone contacts indicated there were no flexible arrangements, but at the interview stage it turned out that some informal flexible arrangements did operate.
- It was possible to recruit several SMEs without any flexible arrangements, but they did not

match our other family-friendly SMEs by industry or type of work.

The effect of these problems was that we have interviewed a larger number of employers and some employees beyond the original research brief, but without securing the full 10 matched low-flex SMEs. Of the total of 13 organisations interviewed for the low-flex set, only two are largely without flexible arrangements (Table 1). Again, the organisation names are all fictitious.

We started out looking for SMEs without any flexible working arrangements but, as described above, found it very difficult to find them. In order to conclude our empirical work and proceed with some analysis we decided to relax our original qualifying definitions slightly for these matched cases to be obtained. However, a total of 23 employers are included in the analysis, although in only 21 out of the 23 SMEs both employer and employee interviews were conducted (Table 1).

Although our design was not setting out to be representative of SMEs in general, we think our experiences lead us to a number of preliminary conclusions:

- Relatively few SMEs are completely without flexible working arrangements because a lot of informal arrangements are in place, to varying extents.
- Rather more than this base set without any flexible arrangements think of themselves as being without flexible working arrangements.
- Some SMEs prefer not to have any flexibility but none the less have got some informal exceptions.
- This suggests that the survey data probably underestimates the extent of flexible working arrangements in SMEs (and overestimates the size of the zero-arrangements group) because the questions asked do not pay sufficient attention to the informal and small-scale nature of many of the arrangements.

The 23 SMEs recruited to the study were all drawn from the East Anglian region. A majority of the organisations were based around the Cambridge area. Two of the organisations had a head office elsewhere in the country but were responsible for their own HR practices.

Data collection

Face-to-face interviews were carried out with the personnel, HR or general manager of each organisation recruited using a partly structured questionnaire with some open-ended questions and probes. The interview was piloted with several personnel officers in order to assess content validity and to increase clarity.

Interviews were undertaken during July 1997 and April 1998 (Phase 1) and January 2000 and January 2001 (Phase 2). Interviews lasted between one and one-and-a-half hours. A tape recorder was not used; however, all field notes were transcribed into document form.

The case study design that used mainly the HR/personnel or general manager as a key informant was useful because these managers all had some understanding of both management issues and the employee perspective. However, in the case of general managers they were not necessarily familiar with legislation related to HR issues. The managers interviewed were a mixture of men and women. In the high-flex organisations, the majority of managers interviewed had children, although this was the case to a lesser extent in the low-flex organisations. The employee interviews allowed us to check that communication was clear in the SMEs and that the managers had not been 'window dressing'. However, employees were selected for interview by the organisation. This may mean that they have a more positive perspective on the employer than the average employee. However, the assurance of confidentiality meant that employees did feel free to praise and criticise the SMEs in a confident manner. At no stage did they suggest that they had been primed by senior staff. They expressed both positive and negative viewpoints on the organisation of their work and their employer.

Content of interviews

Two sets of interview questions and topic guides were used for the high-flex and low-flex employers although there were some overlaps in the content covered. Employees in both sets of organisations were interviewed with largely one set of questions containing only minor variations for the two types of organisations. The interview content headings, other than the basic background details about the organisation, are displayed below:

High-flex SMEs

- workforce profile and its changes
- workforce/HR problems
- flexible options available
- when option introduced
- why option introduced
- any disruption/costs associated – for each provision
- plans for more provisions
- has the firm evaluated business benefits of provision
- what are benefits
- impact of working time directive
- how flexibility fits into business plan
- the management of flexibility and its problems
- how does company seek to develop as 'good employer'
- details of performance (not always given)

Low-flex SMEs (additional topics)

- checks about informal flexible arrangements and statutory coverage
- expectations if introduced range of specific flexible and statutory options
- any form of flexibility that might suit the company

All employees

- caring/domestic commitments
- good/bad points about current work patterns
- if requested flexibility and details
- if used flexible options and details
- if managers supportive
- peer evaluation if have used it
- if company is fair in provision of flexibility
- could it introduce any better types of flexibility
- has employee considered leaving the company
- what are likes/dislikes about company

The organisations in their local economy context

The context for our SME sample

The organisations studied were all situated in the East Anglian region. The East of England has a £76 billion economy, based on 350,000 businesses. The region's Gross Domestic Product (GDP) has grown dramatically in the past few years, increasing by 47% since 1990. In 1998 the GDP stood at £14,222 per head, well above the UK average of £12,455. The region's economy is also highly diverse. It has a significant manufacturing base as well as established services, high tech and rural industries. Together these account for three quarters of the region's jobs. Several important clusters have been identified in the region. Prominent among these are the biotechnology clusters around Cambridge and Norwich and the film industry in Hertfordshire. Clusters are concentrations of similar companies or businesses that cooperate and compete with each other. The region also has a strong research and development (R&D) base. Several major firms have R&D bases in the region. Our study drew in four SMEs from the biotechnology cluster. The region is noted for having an above average percentage of SME employers.

The Eastern region's labour market over the period of this study was very buoyant as it had been in the previous years. Average gross weekly earnings in the Eastern region were £2 above the UK average in April 2000. Unemployment (International Labour Organisation [ILO] measure) was running at an annual average of 3.8% in the region in 2000 compared with 5.4% for the UK (*Labour Market Trends*, April 2001). Over one fifth of employers in 1998 experienced hard-to-fill vacancies in the region due to the lack of relevant skills in the

applicants. This was one of the highest skills gaps in England (EEDA, 2000).

Flexible working arrangements among employers in the Eastern region

Analysis of the most recent sources show that the level of provision of flexible working arrangements in Britain varies by the type of arrangement. The Workplace Employee Relations Survey (WERS) provided data about the level of provision in Britain's employer establishments in 1998 and an Eastern region employer's survey (EEDA, 2000) provides some additional data about parts of the region.

The WERS employers, in Britain as a whole, responded that they offered entitlements to their non-managerial employees, as displayed in Table 2; 62% of establishments offered one of the items included in the table.

In addition, 34% of British establishments had a paternity leave scheme for at least some employees and 25% had a scheme to allow some of their employees to have paid leave in time of emergencies.

There was variation by industry and size of employer in the working arrangements offered. Employers in manufacturing and transport were usually far less likely to offer any of these working arrangements. Also hotels and catering were also lower than average in many of the arrangements. In these respects, the Eastern region would be expected to mirror the rest of the country more generally.

Table 2: Employers' accounts of levels of provision of entitlements, for non-managerial employees, to flexible working arrangements by British establishments with more than 10 employees in 1998

Type of arrangement	All establishments (%)*	Organisations with less than 500 employees (%)
Parental leave	34	23
Working from home during working hours	13	11
Term time only	16	5
Ability to change from full-time to part-time hours	46	37
Subsidy or financial help with childcare	4	4
Workplace nursery	3	4
Job share	27	21

* Establishments were the sampling units used in the WERS and cover the whole range of organisation sizes.

Source: WERS (1998), weighted

The WERS also suggested that small employers were less likely than large employers to offer flexible working arrangements to their non-managerial employees. Our own analysis of the WERS (1998) data, selecting out SMEs (less than 500 employees in the establishment) for a separate analysis (Table 2) suggests that SMEs all had a much lower incidence of flexible working arrangements than establishments (or organisations) of all sizes.

In the WERS, the Eastern region's employers were close to the average levels of provision for their non-managerial employees in many cases, especially in the cases of the more frequent types of arrangement. Parental leave was an exception, where the provision was much lower and may be related to a lack of understanding of parental leave among SMEs in the region, prior to legislation being introduced about it. Provision was also much lower in the cases of paternity leave and paid leave for emergencies. The ability to work at home for any employee was slightly above average among Eastern region employers. The WERS was not intended to be representative of regions so these comparisons should be treated with some caution.

The case study organisations

This description of organisations' provision in the region and the labour market conditions form the background for our research. The 10 high-flex case study organisations are listed in Table 3 with their flexible working arrangements, numbers of employees and the percentages of female employees. Details for those recruited later are listed in Table 4. They cover a range of industry categories. Summary descriptions of the main characteristics of relevance are provided below.

Characteristics of the sample of 23 SMEs

The high-flex set of organisations tended to be bigger, were more likely to trade in international markets and to draw up a business plan than the low-flex set.

A range of flexible working arrangements was practised in the 10 high-flex SMEs recruited in 1998. These are summarised in Table 3. The range of provisions included compressed working week (1 case), annualised hours (1 case), career break (1 case), reduced working hours (7 cases), changes from full- to part-time hours (9 cases), term-time working (4 cases), working from home (10 cases), flexi-hours (7 cases), extensions to statutory maternity leave (6 cases), adoption leave (4 cases), paternity leave (9 cases), emergency leave (8 cases), information about childcare (2 cases), subsidies for childcare (2 cases), and leave to care for older relatives (3 cases). Although only three organisations offered provision specifically covering caring for older people, some of the others would allow employees to take time off for this reason, either under another heading, or at their discretion. An annualised hours arrangement at one SME allowed a senior female manager to work term-time only.

Three of the 13 new set of organisations recruited in 2000–01 did not have terms set up for statutory maternity or parental leave. Nine of the 13 had at least one employee allowed to work part-time hours. Six allowed their staff time off when sickness, illness or death affected their personal lives. One organisation offered childcare vouchers to some of its employees but did not offer flexibility to staff (Table 4).

Table 3: The 10 flexible SMEs recruited in 1998

Organisation	Industrial sector	Number of employees	% female employees	Range of non-statutory flexible provisions
PharmaCo	Pharmaceutical products	86	56	Paternity leave. Informal flexibility with provision for: working from home and flexi-hours.
Diagnostics	Production (of medical instruments)	40	30	Paternity leave. Informal flexibility with provision for reduced hours, working from home, term-time working and changing full-time to part-time hours.
Magnetics	Manufacturing	98	62	Adoption leave. Paternity and emergency leave. Limited flexible working. Informal flexibility with provision for reduced hours, term-time working and changing full-time to part-time hours. Formal provision for working from home and flexi-hours.
Small Agents	Estate agents	33	63	Extended maternity leave. Paternity and emergency leave. Limited flexible working. Informal career break for key staff. Informal flexibility with provision for reduced hours, working from home and flexi-hours. Formal provision for changing full-time to part-time hours.
Books	Publishing	460	52	Information service for childcare, paternity, eldercare and emergency leave. Informal flexibility provision for reduced hours, term-time working and changing full-time to part-time hours. Formal provision for flexi-hours.
Broadcast	Media	128	26	Information service for childcare. Extra statutory maternity leave. Eldercare and emergency leave. Employees encouraged to use emergency leave to cover paternity requests. Informal provision of flexibility including reduced hours working, working from home and changing full-time to part-time hours.
Qualifications College	Education	421	64	Subsidised childcare, extra statutory maternity leave, adoption leave, emergency leave, focused flexible working opportunities. Paternity leave limited to non-lecturing staff. HR manager to consider limited form of paternity leave for lecturing staff in future developments. Informal provision of flexibility including compressed hours, working from home, flexi-hours and changing full-time to part-time hours.
Records	Arts	323	46	Subsidised childcare, extra statutory maternity leave, adoption leave, paternity and emergency leave. Informal provision of flexible working including, reduced hours, working from home, flexi-hours and changing full-time to part-time hours.
Publishers	Publishing	115	67	Formal provision of flexible options including part-time working, staggered working hours.
Software	High tech	250	26	Informal flexibility including part-time working, working from home, together with informal system of flexi-time.

Table 4: The 13 SMEs recruited during 2000–01 fieldwork, Phase 2

Organisation	Industrial sector	Number of employees	% female employees	Non-statutory flexible provisions offered
The Paper Company	Manufacturing	50 (peak season 80)	50	Part-time (for temporary and permanent staff). Emergency leave.
Electrical Parts	Manufacturing/high tech	260	30	Part-time (for administrative staff). Informal flexibility for senior technicians. Emergency leave.
Vaccines for Health	Pharmaceuticals	42	40	Childcare vouchers.
Return to Study College	Education	60	Not available	Part-time contracts for teaching staff. No terms for maternity or paternity leave.
The Video Company	Leisure	280	35	Part-time.
Technical Services	Multidisciplinary Engineering services	280	25	Part-time.
The Partnership	Professional and technical architectural services	44	<10	Part-time. Emergency leave. No terms for maternity or paternity leave. Not even statutory.
Big Agents	Architectural engineering and related consultancy	85	30	Part-time. Emergency leave.
Medical Tools	Manufacturer of instruments for health industry	100	25	No flexible options.
Small Publishers	Publication of academic books	8	50	No flexible options. Longer lunch breaks for selected staff to exercise.
Woodcare Advice	Marketing woodcare products	60	33	Part-time. Emergency leave. Formal handbook refers staff to telephone help line. Newly developed interest in flexibility as a strategy to retain skilled staff. Stress awareness counselling and workshops for marketing team.
Cementco	Manufacturer of cement	500	15	Shiftwork.
Chartered Surveyors	Architectural engineering and related consultancy	200	50	Part-time hours. Emergency leave. Working from home for administrative staff.

The policy context

It is important to recognise that government policy and the legislation changed over the life of this project in ways that were relevant to the content of our study. These original SMEs were recruited in the immediate aftermath of the Working Time Directive (which came into force in 1997) but prior to the Parental Leave Directive (which came into force in December 1999).

During the second phase of fieldwork conducted for the current research project we recruited a further 13 SMEs at the point when the new Parental Leave Directive had been implemented but before leave for family reasons was available.

Types of responses to the work–family challenge

Introduction

Our study set out with a clear design to have organisations in two categories: SMEs with flexible working arrangements and those without. We saw in Chapter 3 that the SMEs we interviewed did not fall neatly into either having flexible arrangements or not having any. The return to interview employees in the original high-flex organisations revealed a more complex picture about the flexibility on offer. In addition, many in the low-flex set of organisations had elements of informal flexible working arrangements, even when their senior management or HR specialist thought of the organisation as lacking any flexibility. For this reason we present here a new classification of these 23 organisations. We found a continuum of approaches that we classify into three broad categories. An earlier study by Forth et al (1997) suggested a two-fold distinction for employers who had some sort of flexibility: either employers were seen as having focused or unfocused provision for flexibility. Our three-fold classification does not coincide with the one developed by Forth et al. Our distinctions cover both providers and non-providers of flexibility. They are based primarily on employers' working arrangements and their approaches and attitudes to the organisation of work, as revealed in the employer interviews. However, there are clear overlaps with employees' views of the organisation, to be discussed in Chapter 5.

Approaches to flexibility

There were a number of approaches to flexible working arrangements visible in these SMEs. They lie on a continuum. At one end, employers

were *resistant* to introducing or allowing flexibility. At the other end there was a whole-hearted embrace of flexibility that we call *holistic* (Figure 1). In the middle is a more *selective* approach where flexibility is allowed but in a selective way. These were all at the level of informal practices. The practices that occurred under each of these types sometimes had other similarities, although the context in which they occurred differed noticeably (Table 5).

Figure 1: Continuum of SMEs' orientations to flexible working arrangements



Some resistant as well as selective employers allowed a group or individual workers in the organisation to have flexible working arrangements, when they would not allow others the same arrangements. The highly qualified workers were allowed flexibility in one case, but not in another. Similarly, clerical and secretarial staff were allowed flexibility in one case but not in another. This suggested that there is (at least) another dimension in the mapping of employers' approaches to flexibility: the type of job dimension. But it is more complicated than thinking that all those in certain occupations were allowed flexibility while those in other occupations were not, as we show in this chapter.

Table 5: Characteristics of three main approaches to flexible working arrangements

Holistic	Selective	Resistant
Articulates ethos of flexibility	No articulation of ethos of flexibility	Articulates ethos of anti-flexibility
Applies to all staff (although can be variations in type of flexibility allowed for different occupations)	Applies selectively to workforce	Applies more generally to all workforce or to particular occupation group
Based on individuals' requests	Based on individuals' requests	Individuals' requests refused
Organisation of work designed to allow flexible working arrangements	Allows flexibility where existing organisation of work facilitates or other workers will shoulder burden	Organisation of work not designed for flexible working arrangements
Informal arrangements have been formalised	Selective informality is not generalised	Informal resistance backed up by unfavourable culture
Communication is open and effective	Communication is variable and left to chance or even suppressed	Communication is clear about refusing flexibility
Overlap in recruitment strategies and working arrangements to meet needs of the particular workforce recruited	Recruitment and working arrangements not overlapping or matching each other	Recruitment strategies and workforce mostly supporting resistance
Flexibility is for the trusted workforce, but trust, responsibility and autonomy are being encouraged in all workforce	Flexibility is for the trusted but selective workforce	Trust of the workforce not an aim or issue

Holistic approaches

The *holistic approach* represented the whole-hearted embrace of flexibility. Here flexibility was imbued in the whole culture and ethos of the organisation originating from the directors. This approach was also characterised by its open communication. Employees could access flexible working arrangements before they reached the point of crisis or burnout. The underlying belief that supported the holistic approach was that work–life practices were inherently good for business and good for employees as two of our employers expressed in their words and in the company's written documents.

“We just get the feeling it is working so well. Profits are up and we can afford to increase pay. We all get flexibility, for example, to go and see a schoolteacher or go and do extra shopping. The staff come in extra time to make up if necessary.”
(Magnetics manager)

“We work our resources around our staff. We take on-the-spot decisions and discuss and negotiate options for maternity leave and flexible working as the need arises. Human resources management is not set apart as a particular feature – it is part of the business plan.” (Small Agents manager)

In summary the holistic approach was informed by Harker's principle of synergy or what the MIT group called the win-win or dual agenda approach (Harker, 1996; Bailyn et al, 1997).

We have a number of illustrations of how work was organised and the criteria that were used to operate and manage flexible working arrangements in holistic organisations at the time of our interviews.

The individual balance sheet

The principle of the *individual balance sheet* was used in the holistic organisations. This was the idea that employees could make the business case balance by storing up credit in advance. By giving good will, increased productivity, overtime or being flexible, an employee could gain credit that would later be drawn down. Three SMEs in our study had developed a culture where there was a predisposition to help if it did not inconvenience the business. Even more, there was willingness to think of ways in which business could adapt in order to give the employee more flexibility. Management was based on openness, fairness, trust, employee involvement, and good communications with high motivation and loyalty expected to follow. These companies encompass manufacturing industries (Magnetics and Broadcast) and other business or professional services (Small Agents). In two

cases, it was an informal approach. In the other organisation the approach had been formalised.

The type of work undertaken at these SMEs included administrative, skilled manual, managerial, professional sales, marketing and semi-skilled factory hands. Most of these occupations had a high degree of substitutability. The capacity for substitution was stimulated at Magnetics where all individuals were encouraged to become multi-skilled and support each other in work-based teams. The high-skilled work of the cable technicians at Broadcast meant that these posts had a lower level of substitutability. But, motivated by retention, they still allowed flexible hours to a staff member whose spouse had been taken ill over a long-term period.

All three organisations employed high proportions of female employees (well in excess of 50%). This workforce profile was noted as a driver for provision of flexibility in large US firms (Goodstein, 1994; Ingram and Simons, 1995) and across a range of British organisations (Dex and Smith, 2002). The profile of the workforce at each of these SMEs was dominated by parents in the 25–35 age group, mostly with young children, and not single employees or older workers. Small Agents had a fairly small workforce (33 employees), Magnetics had 98 employees, while Broadcast employed 128 workers in 2000.

Multi-skilled teams

A number of employers who allowed flexible working arrangements (Magnetics, Broadcast, Software and PharmaCo) organised their work in teams. The potential of these teams to facilitate flexible working arrangements and periods of leave was striking. Where the teams were multi-skilled this was even more beneficial to an employer who could minimise disruption from all types of employee absence by this method.

Several organisations had sufficient commitment to the concept of work–family balance that they were willing to consider internal reorganisation in order to make the flexible option largely cost-free to the business although not necessarily to management, as discussed later. One of the things often considered was whether cover could be found from inside the organisation. In Magnetics this view had been used to structure the work organisation of the whole business.

“All staff are multi-skilled all putting in an effort to achieve the next step. They are all training all of the time. We organise teams to be able to cover for any type of leave request, maternity, paternity or emergency leave. Because all the team members are multi-skilled they can cover for one another. They learn by doing sabbaticals in each other’s teams. A staff member can elect to move into a different team for a 6-month period to see if they like it better or just to learn a new skill.” (Acting HR manager, Magnetics)

The points system

At the time of our first interviews, one manufacturing firm used a formal points system to operate and manage the multi-skilled team they had set up as a way of providing flexible working arrangements. There is, of course, an issue of how to reward team productivity in a way that is fair and reflects the effort (or lack of it) put in by individuals. This organisational arrangement acted as a reward and supervision system in a context of multi-skilled teams. In this system, the staff were given points for low sickness, hard work, loyalty, and being a good team member. HR and line managers administered the scheme. These points translated into rates on an hourly pay scale as a reward for effort and were also used to determine employees’ training opportunities and allowance for flexibility. The lack of points could lead to a refusal to an employee’s request for flexibility. According to managers, the scheme was generally accepted as fair and liked by employees. Certainly the four employee interviewees supported this view.

This point system was applied to a range of semi-skilled operatives, production managers and office staff. Most employees were offered flexibility in the form of term-time work, staggered start and finish times, emergency leave and compassionate leave. However, the range of flexibility on offer to office staff at Magnetics was more restricted. Office staff did not have access to term-time working. Their main flexible option was flexi-time. Pressure of work and deadlines were given as reasons for office staff not having the option of working at home or during term-time only.

The organisations that used a type of point system or the individual balance sheet were also

most clearly *learning organisations*, as described by Senge (1992) and Argyris and Schon (1978). Organisational theorists note that the learning organisation is one that recognises that the new challenges of the economy cannot be managed effectively with traditional management controls. While traditional contracts and control systems were designed to reduce the risk of self-serving behaviour of employees that could harm the organisation, they are argued to be redundant and less efficient in contexts where employees need to be free to innovate and make their own decisions. The increasing use of technology and innovation can demand that organisations develop flatter management structures which place trust in individuals and groups to carry out critical organisational tasks without close supervision (Edmonson and Moingeon, 1999). Under the conditions set by flatter organisational structures, trust functions as a substitute for other more explicit management controls (Larson, 1992) and can be a source of efficiency (Edmonson and Moingeon, 1999). Trust also reduces the costs of drawing up contracts as well as avoiding heavy supervision regimes – what economists call transaction costs or agency costs respectively. Magnetics, one of the flexible group of SMEs, was the most clearly developed example of a learning organisation. The whole culture was built on the concept of learning and sharing knowledge. This open attitude was carried over in the management of flexible working arrangements.

Selective approaches

The *selective approach* characterised those situations where a pragmatic response was developed by managers to deal with work–life problems when they erupted into the workplace. Essentially, the approach allowed the individual, but not others, to have flexibility. Companies with a selective approach sometimes developed a business case decision-making approach to deal with these requests – looking within the firm to find internal cover hence keeping costs down. SMEs adopting a selective approach usually ‘bolted on’ their provision of flexibility without any real change to the culture which, in some cases, penalised women who switched to part-time hours. Alternatively, this selective approach offered flexibility for an elite group of employees. This was typical of scientific and high tech organisations where senior professionals had autonomy to organise their own work and were

free to structure their working day and start and finish times.

Business case driven

Requests for flexibility could be met, by selective employers, with a type of business case calculation. Requests were likely to be granted if there were no obvious costs to the business for example, although costs to employees were allowed. Line managers and HR managers were prepared to accommodate requests for flexibility on condition that the absence could be covered internally, without imposing extra costs on the organisation. A particular benefit of using the system of internal cover in one case had been that more junior employees had the opportunity to act up and learn new skills:

“All non-maternity requests for part-time have to take their request to their head of department. The responsibility of the role and the degree of international contact has to be assessed. If the person has to phone abroad often that has to be taken into account. We have to find out how practical the shift would be. When a senior member went off for quite a while the department kept going for his and their own sake. It gave people a lot of opportunities. The PA was standing up as a project worker. It is a benefit we offer. There is no cost to the department – or to the company when the cover is internal. We must cover the ‘bottom line’ or the profit line. So long as output is just as good.” (HR manager, Records)

The principle of internal cover was also recognisable at Return to Study College. However, in this organisation, the business benefits of internal cover or multi-skilling had been developed solely to meet the needs of the employer.

We found evidence of business case *selective* approaches to flexibility in a variety of sectors including the media, pharmaceuticals, business, publishing and education sectors. The proportion of women employed at these organisations was variable. For example, women made up 46% of the workforce at Records and 56% at PharmaCo. At Woodcare Advice and Diagnostics the percentage was lower – 30% and 33% respectively. The jobs affected by flexibility had variable levels of substitutability ranging across

senior managers, technicians and administrators. Most requests for flexibility that were granted came from women returners or parents of school age children. However, long-term flexibility was made available to senior managers at Records and Diagnostics.

Flexibility for the limited few

Flexibility for the limited few involved elite employees being permitted to start work late or finish work early in order to deliver and collect children at nursery/school or childminders.

Flexibility for the limited few was found at some of our low-flex group of organisations in the professional services (Vaccines for Health, Technical Services), publishing (Small Publishers), and in the high tech sector (Electrical Parts). Most of these SMEs had a workforce profile characterised by highly skilled or professional occupations including scientists and software designers. The SMEs that fall into this group had low numbers and percentages of female employees and high proportions of younger (male) employees.

Senior employees at Electrical Parts had autonomy over their start and finish times. But these were provisions that formed part of the ‘reward’ structure for senior personnel at the firm and were not linked to a wider awareness of work–life practices.

These examples support the organisation theorists’ suggestions that valuable employees will be offered more flexibility because they embody a greater amount of firm-specific knowledge and capital that would be very costly to replace (Barringer and Milkovitch, 1998).

Resistant approach

The resistant SME was distinguished by a marked reluctance to offer flexibility under any circumstance. The organisations in question held on to traditional ways of working and did not believe that flexibility had a role to play in the organisation either as a benefit or human resource arrangement. There were very occasional exceptions to this rule where individuals had managed to achieve a measure of flexibility. However, these incidences of flexibility were certainly not taken forward or developed as a

perk or benefit for other employees. They differed from the selective approach in that employers’ attitudes to flexibility still remained resistant. Organisations as a whole could be characterised as having this approach to flexible working arrangements. However, in other organisations, whose main approach was selective, pockets of resistance could also be found around particular occupations or work groups that were felt to be unsuited, either by managers or employees, to having flexible arrangements.

The attitude of resistance is typified by Return to Study College, The Paper Company, The Partnership, Technical Services and Medical Tools. The HR managers or MDs of these organisations stated that they would not consider offering flexibility. To illustrate the approach to flexibility in these organisations we provide case study details for Medical Tools and Big Agents.

The main activity at Medical Tools was the production of scientific instruments for the medical industry. The establishment we studied employed 75 people, the majority (90%) of whom were male. Around two thirds of employees were skilled manual and one third were professionals, scientists and technologists. At the time of interview Medical Tools employed 10 women, nine in the sales and accounts department and one factory hand.

The MD at Medical Tools wanted people to have a view of the organisation as hard-working, ‘a traditional British firm’ where employees had to be flexible and willing to get the job done. The flexibility was for the benefit of the organisation, when it was needed. The MD indicated he was not interested in being recognised as a good employer. Both the MD and organisation’s accountant stated that the company could not offer flexible options. A major reason was that it would create administrative problems. It would be difficult to work through the wage system for a complex pattern of flexible working patterns. Another reason given was that customers often telephoned to request information and staff needed to be in the office to deal with that request. Employees were also required to be present during core hours to deal with requests from internal customers and respond to the inquiries of the accountant who was responsible for costing each order as it came in and had to speak with all members of the production team to fulfil this task.

The MD believed that the company had to run on a long working hours culture and that senior management in particular had to work long hours to fulfil their function. The increase in business over the last 12 months had meant that all employees had to work long hours under severe pressure for this period.

Another variation on this approach to flexibility was in evidence at Big Agents. The sales office we studied employed 85 people, 30% of whom were women, but the organisation consisted of multiple sites. The main bulk of employees were professionals trained as chartered surveyors or lawyers. At the time of interview none of the staff employed at this office were working part time. The MD stated that staff who had worked long hours over a period of weeks were offered the time to take a long weekend as a reward. Our employee interviews did not support this view. Employees we interviewed said that no one had been made aware of this option and they had not been encouraged to take time out – nor had any of their peers. We asked a female surveyor to consider what she would do if she wanted to have a family. She said that she would probably have to leave work because there were no options for working part time.

A pocket of resistance to flexibility was visible in one organisation for a particular type of worker. At Electrical Parts (High Tech section), engineers and software designers had the autonomy to arrive late and leave early. This flexibility was not extended to administrative or support staff. It was felt to be inappropriate for this group of workers, some of whom were also expected to work long hours. The long hours for administrative staff were a result of the workload increasing because of high turnover among the engineers.

It was not the case that employers taking the resistance approach had no problems. There were recognised recruitment problems at Electrical Parts (High Tech section), for example, but a failure to consider that flexibility might alleviate these problems. The Partnership, an architectural company that also dealt with some specialist conservation projects, employed 44 people in total, 10% of whom were female employees. At the time of interview the company was under pressure to expand and was experiencing a very severe recruitment crisis; the firm was unable to recruit adequate numbers of

architects to meet with demand. At the time of interview one female architect was employed on a part-time contract. It should be noted that this contract had been negotiated at the time that her husband joined the partnership as a partner. This is an example where power and leverage of another senior employee was used to break through the ethos. However, the main strategy remained that flexibility should be resisted.

Summary

This chapter has reviewed the continuum of approaches to flexible working arrangements that was displayed in our sample of SMEs. The holistic approach appeared to have the most benefits for employers who could engage in this level of reorganisation since it matched the needs of the workforce and had clear business performance benefits. However, the adaptations of flexible working practices seen in the selective approaches also had potential for transferability with the advantage that they were relatively cheap to implement and with little sign of disruption. The varying characteristics of these approaches are displayed in Table 5. Our three-fold categorisation of employers differs from Forth et al's (1997) two types of providers in a number of ways. Our holistic employers might appear to be associated with Forth's focused group, but the larger picture of the business seen by holistic employers and how flexibility was integral to their aims is not aptly captured by *focused* provision. Rather, the selective employers were those with more focused provision, seeing flexibility as an individual worker issue and a specific problem to be resolved.

We considered the large question of why did some employers end up as holistic and others selective or resistant to offering flexibility to employees? We can offer only pointers relevant to answering this question from our small sample. It was certainly the case that the employers and leaders in the holistic companies had personal experience of work–life issues. This made them acknowledge the problems and be sympathetic to finding solutions. In one case, concern was also expressed about the next generation and how much time children spent with their parents. In the selective set of employers, it was the workforce who were presenting the work–family issues rather than the employers' or leaders'

experiences. In the resistant set, the employers did not indicate any personal experience of work–life imbalance, nor did the majority of the male workforce present problems of this kind to be solved. Managers' experiences of work–life imbalance appeared, therefore, to be an important element in allocating organisations to these groups. The importance of this factor of leaders' experiences has rarely been noted in the statistical analyses of flexible working arrangements; Guthrie and Roth (1999) are an exception.

Overlying these different experiences were other workforce characteristics: the demographic and age profile of holistic employers was dominated by married women with younger children whereas resistant employers in our sample had a high proportion of prime age or younger male employees. The male employees in resistant organisations also tended to be high earners. Their households, where they were not single, were less likely to be heavily reliant on two incomes with the need for two earners to pay the bills and possibly less needing to demand a contribution of domestic work or general support from the (male) worker. The married women in holistic organisations were on lower or middle incomes, probably in the position of making a more substantial dual earner contribution to their household income. Workforce profiles made, therefore, a contribution to the allocation along this continuum, although it should not be seen wholly as an explanatory variable because there was a definite recruitment strategy in some of the holistic employers that overlapped with their other values. The importance of the workforce profile and the proportion of women have been noted in statistical analyses of flexible working arrangements as we noted earlier.

The employer's general approach and attitudes towards management, supervision of employees and trust were also important. Lastly, perceived constraints of the operations of the business and cultural factors also played a part in placing employers along this continuum. These factors are given greater consideration in Chapter 6.

Employees' responses to their employers

In this chapter we examine more specifically the employees' responses to their employers and their working arrangements, based on our employee interviews in both high-flex and low-flex organisations. We cannot claim, therefore, to have carried out a systematic examination of the subject and the questions even though we carried out 48 interviews (31 women, 17 men), albeit selected by the employer. Nonetheless the design of our study gives us a useful opportunity to compare the employee responses in the high-flex as compared to the low-flex organisations addressing the following questions:

- Are employees in high-flex organisations aware of the flexible working arrangements claimed by their employers?
- Do employees in high-flex organisations appreciate their flexibility?
- Do employees in high-flex organisations display greater work–life balance than those in low-flex organisations and is the flexibility genuinely helpful or family-friendly?
- Is there a greater sense of trust between employers and employees in the high-flex compared with the low-flex organisations?
- Is there any recognition of or bad feelings about inequities in the way flexible working arrangements operate in these organisations?

Gottlieb et al's (1998) review of North American studies of employee responses to the introduction of flexible working arrangements drew a number of conclusions. The review identified a set of studies that showed employees were positive about and appreciated the flexibility. There was also a contrasting set of studies that suggested there were no changes in employees' responses to the introduction of flexible working arrangements. In trying to explain why there was

this difference, Gottlieb et al explained the difference as follows. The positive responses were associated with gaining more autonomy and discretion in their work alongside the flexibility. We examined our employee data with this additional issue in mind.

There may also be an overlapping correlation between employee responses and the amount of involvement they had in devising the flexible working arrangements. Certainly action research projects in the US (Rapoport et al, 2000) and more recently in Britain (Dex, 2001) show that successful outcomes for employees' work–life balance derive from their having been involved in devising the arrangements and work reorganisation. This is in contrast to an approach where the arrangements are devised top down, or are virtual and not communicated to the workforce (Yeandle et al, 2002 forthcoming). Statistical studies of employee responses have also confirmed that there is an association between the amounts of employee involvement and consultation in the workplace, the types of flexible working arrangements available, and measures of employee commitment (Dex and Smith, 2002).

Employees' awareness of flexible working arrangements

The mismatch between employee awareness and employers' claims has been noted in other studies (Bond et al, 2002; Dex and Smith, 2002). There can be a number of possible reasons for this mismatch. Where working arrangements are informal there is likely to be greater potential for misunderstanding.

A content analysis of the interview material from HR or general managers and employees from the SMEs shows a high level of agreement about the nature of flexible provision available – despite many being informal in nature. This finding is true for high-flex and low-flex SMEs. This level of general agreement may be related to the fact that only well-informed employees were chosen for interview by the employer. However, the fact that these are all small businesses is relevant since communication can be easier in SMEs than in large organisations.

We found several cases of employees not being fully informed of provisions. An example is Woodcare Advice where the HR team and the company headquarters described a telephone helpline that had been set up for employees to discuss all aspects of work–life and personal issues, in particular work-related stress. None of the four employees interviewed at Woodcare Advice mentioned the service. They did refer to a stress awareness seminar that had been held for their information but the seminar had not highlighted the telephone helpline.

A similar problem was noted at Big Agents where the MD of the site we studied had no general knowledge of the kinds of provision that the organisation made. Staff we interviewed at Big Agents were not informed about the organisation's maternity provision. Staff also refuted the idea put forward by the MD that employees could take time off after a busy period as a reward. This lack of awareness among employees at Woodcare Advice and Big Agents is obviously linked to the fact that both of these establishments were part of multi-site organisations. We also concluded that communications were not ideal in these organisations.

Another example comes from Vaccines for Health. The HR manager highlighted this SME's provision of childcare vouchers. Only one senior employee mentioned this provision. The same senior employee was also sceptical about the potential for staff to gain access to the limited flexibility that the HR manager had described.

A final example comes from Diagnostics where the HR manager had stated that the organisation offered quite an extensive range of flexible provisions including reduced working hours, working from home, term-time working and

changing full-time to part-time hours. The claim to offer term-time working was not borne out in the employee interviews. The employee we interviewed (who had three children of school age) stated that her main problem was finding childcare for the school holidays and that the organisation did not offer term-time working.

Awareness of provision and access, especially in organisations with a selective approach, was constrained by the tacit nature of the rules of eligibility. In practice this meant that provision was not publicised. In the selective SMEs, individual employees were only offered flexibility after they had reached a personal crisis in their family life. Direct examples of a personal crisis being the motive for provision were found at Diagnostics, The Paper Company, Woodcare Advice and PharmaCo. In each case the organisation negotiated a flexible package that helped the employee to re-establish their work–life balance. A request was also made at Small Publishers. The request was turned down and the employee subsequently left.

Employees' responses to flexibility

As we saw in Chapter 4, the reasons given by employers for having introduced flexible working arrangements were motivated by a range of factors. In some cases they were responding to employee requests and had employee concerns in mind. However, as we have demonstrated elsewhere (Dex and Scheibl, 2001) employee interests were not the motivation in all cases and business case interests were often evident. We examine the question from the employee's perspective and ask how employees responded to the flexibility under two headings. We were interested in whether they appreciated the flexibility and whether the arrangements helped them to balance their work and family life.

To analyse this set of questions we drew together employee responses to a series of topics that were raised in the interviews. The questions are as follows:

- Could the organisation do anything to improve the work–life balance of its employees?
- Had the respondent considered leaving?
- Were line managers understanding when the respondent made a request for flexibility?

- Had the respondent faced opposition from peers when they used flexibility?

We examined employees' views on this series of topics in conjunction with a cultural analysis of some of the beliefs, attitudes and myths that were representations of each organisation's culture (Brown, 1995).

Appreciation

We found that employees appreciated the flexibility in organisational cultures that were open, had management systems based on trust and gave employees autonomy over their working conditions. Appreciation was most notable, therefore, in SMEs adopting a holistic approach. These conclusions support the findings of Gottlieb et al (1998) discussed earlier.

A key example of this finding is the flexible organisation Magnetics where employees across the spectrum from the factory floor to the administrative offices and senior managers were very appreciative of the flexibility. They all felt confident of its availability in emergencies or more planned circumstances, taking time out to see a child in a school play or if the child was sick, for example. The accounting clerk we interviewed said:

"I think they have it sorted here. There are only a couple of us with children in the office. A crèche would certainly help and I know that 'Mary' is very keen to get one up and running. It would also benefit me to work from home at some point and I am confident that it would be looked at if I went to Mary with any request. The staff are more loyal and they work harder because they (the firm) are helping you. The staff want to make it work for [the Directors]."

Another employee of Magnetics had been given the right to work flexibly over an extended period when her husband had an accident that incapacitated him. She explained how the company's open attitude toward flexibility affected her:

"If we are busy we pay them back. Because they are so good to you – you want to be good to them and show your commitment. I do not think anyone would abuse it [the

flexibility]. People do not abuse the system here. I have never worked in a factory before but it is an example of how a good factory should be."

A further indicator of the genuine nature of provision at Magnetics was the commitment to using flexibility among men in more senior positions within the firm. For example, the project manager who had responsibility for design and sales contracts worked on a staggered time schedule to enable him to dispatch and collect children from school.

Further examples of the appreciation are apparent in the comments of a full-time sales negotiator employed at Small Agents:

"It is very good here; all of the partners have got children themselves. I think you get preference if you have children for time off during the school holidays. If I have to leave early they never say no. It is very helpful to have this flexibility. It is hard to think of ways that they could make any improvements because this job cannot be done from home. Nothing at this firm makes coping with work and family life difficult."

At Broadcast our respondent worked part time for six months while his wife was ill. He told us that this experience had increased his loyalty to the firm:

"Some of the places I have worked have not been helpful even when I was sick myself. Here they seem to be okay. I had time off in short notice and there was no resentment from my peers."

Since returning to work full time, the employee had been given a promotion and was given a new role as a trainer because, during the time he had taken off, colleagues had learned how to fix their own faults. This meant the employee was freed to take on a new and better-paid job.

Anxiety

Employees' accounts of appreciation were evident across the range of the flexible organisations with two exceptions, Books and Diagnostics. At each of these SMEs, female employees who were working part time expressed feelings of guilt

about the company offering them flexibility. The part-time employee based at Diagnostics said that she felt uncomfortable about the way that line managers and senior managers had 'fallen over backwards' to keep her on in a part-time capacity. The need to retain staff in the buoyant East Anglian labour markets was a factor here. The same kinds of feelings were expressed by the part-time employee at Books; she said that she would be leaving if her part-time hours were not maintained over the next six months. These women were also affected by a desire to spend more time with their children.

Our data suggest that feelings of anxiety that eroded appreciation were more likely to arise in organisations adopting a selective approach. In these cases an employee was usually the only beneficiary of flexibility within their work team or department, or they had a managerial position. For example, the part-time employee at Diagnostics (discussed earlier) and a team manager at Software were both uncomfortable with leaving and arriving at different times to other colleagues. There were feelings of leaving colleagues to 'pick up the pieces' and letting the team down or worrying about leaving them unsupervised.

Autonomy

Another case to consider is that of the professionals based at the low-flex scientific and high-tech SMEs. They enjoyed autonomy over their working day, which meant that they felt supported by their employer over the family formation phase of the lifecycle. For example, a senior scientist at Electrical Parts (High Tech section) had withdrawn from overseas travel and left work early on occasions to support his wife:

"My hours do vary a bit. The culture is fairly flexible, it is not written down, there is not a system where you work two hours then take time off. But sometimes I leave early on a Friday because we are going away for the weekend. I am not expected to do super long hours. No pressure is put on me. Sometimes we are very busy and I recognise the need to put in extra hours so that things go well. I have worked at home when the children were ill. I used to travel but would not be able to do that now that I have got children."

This employee had the freedom to choose to curtail the amount of time he spent in work in line with his responsibility as a parent. However, it is important to bear in mind that the HR manager presented the firm as a young company that did not advocate flexibility. It was certainly the case that the administrative staff were not permitted the same degree of autonomy or choice and expressed feelings of dissatisfaction and criticism of the organisation and reported high levels of stress. The comments of the recruitment manager at Electrical Parts (High Tech Section) provide a clear illustration of this:

"We do not have any flexibility here. They would not allow it. I have asked but one hears that the culture is not supportive – in our group. You would be seen as not coping with your job. We have had people close to breakdown, I do not think they are doing anything right."

These feelings were exacerbated by the fact that professionals were an elite within the organisation. They had the autonomy to shape their own working pattern so that their work-life balance suited their needs.

In summary, problems were more likely to arise where flexibility was provided selectively either for an elite or on a need-to-use basis. This meant that some individuals felt excluded while others felt privileged. While privilege has the potential to build the individual's commitment to the organisation, comparisons with peers can lead to individuals feeling guilty about their special status. This finding indicates that a holistic approach to flexibility was more beneficial to the organisation because it reduced the risk of alienating workers because all employees benefited in some way.

However, our analysis suggests that there is not a direct link between the organisation taking steps to provide flexibility and it being a genuinely family or work-life friendly employer. For example, at Chartered Surveyors we interviewed three part-time and one full-time employee. It was clear that the organisation was supporting requests for flexibility. However, one of our interviewees, a female senior surveyor who had switched to part-time hours was of the view that the culture did not support family life. It is evident that organisations like Chartered Surveyors practiced flexibility as a 'bolt on' option

(to retain skilled or valued employees) since it did not really have an impact on the culture.

Another interesting finding is that the vast majority of the employees at high-flex and low-flex organisations we interviewed reported that their line managers were supportive and understanding. This was something they much appreciated. Only three employees had experience of their line manager – or line managers in general – failing to be supportive or lacking understanding. Two of these were based in low-flex organisations. This group included the recruitment officer based at the low-flex organisation Electrical Parts (High Tech section), and a part-time electronic journals editor at Books. The third, a part-time surveyor, was based at the high-flex organisation Chartered Surveyors. Our analysis indicates that these employees expressed dissatisfaction with their organisations because they had been unable to negotiate flexibility and felt pressured to work full time in order to sustain their right to promotion.

Employees' work–life balance

Irrespective of the rationale and motivation for the provision of flexible working arrangements, employees might find the arrangements helped them to balance their work and family life.

There was certainly evidence of work–life problems from the lack of flexibility in some of the low-flex organisations that were not highlighted by employees at the high-flex organisations. These problems gave rise to high levels of dissatisfaction with the organisation's lack of provision of flexibility.

For example, one of the employees we interviewed at the low-flex SME, Technical Services, was very dissatisfied with the organisation's attitude and lack of provision of flexibility. This respondent, an HR assistant, told us:

“I think to a degree I have coped [with the long hours and volume of work]. But some days I go home exhausted and feel that I have lost the plot. We need more cooperation and flexibility [at this firm]. A lot of directors and managers are set in their ways, so you are fighting a losing battle. The directors are bureaucratic; everything

has to go through the MD. Hopefully the new personnel director will put our case to the board.”

The whole organisation was anti-flexibility. This was strongly expressed by the senior engineer we interviewed who was against any formal system of flexibility being introduced because he believed that it was open to abuse.

The recruitment officer at low-flex Electrical Parts had asked for flexibility but it had not been made available. She was taking stress home and this was affecting her family life: “My daughter says that I am unbearable, that I put up barriers around myself – I get very tired”.

It would be incorrect to suggest that all work–life imbalance issues stemmed solely from (poor) employer policies. As well as structural factors, we acknowledge that the impetus can come from the employee as a result of their own psychological make-up. For example we found examples of employees who were so highly committed to their jobs that they were prepared to work very long hours. This was true for a PA to the Dean of School at Qualifications College, the accounts manager at the Video Company, a factory supervisor at the Paper Company, senior partners in The Partnership and a software engineer at Electrical Parts. In each case, employees sacrificed lunch hours and weekends to see the job through. These people performed as ‘ideal workers’ who sacrificed personal life for the welfare of the organisation. However, we do suggest that these individuals were also shaped by the organisation they worked for and they were seeking to win its rewards for their long hours.

Trust in the workplace

Trust between employers and employees played a key role as a facilitator of flexibility. This was notable among the organisations that were offering only selective flexibility as well as the holistic SMEs where trust permeated the culture. However, the form and impact of trust varied across the range of SMEs. We can distinguish between different forms of trust:

Trust associated with status

In the scientific and high-tech professions, senior personnel were trusted to use their autonomy as professionals and arrive later or leave earlier when they needed to attend to personal issues.

Trust associated with longer duration of employment

The provision of flexibility for employees among the selective organisations was also grounded in a mutual trust that had developed between the employer and employee over a period of years. This mode of trust gave employers the confidence to make the leap into negotiating one-off deals with individual employees.

Trust as a management tool

Holistic organisations applied the principle of trust with increased worker autonomy to its relationships with staff at all levels. One employee commented:

“I like how you are left to get on with your work in the team. You are not having them breathe down your necks as in some places.”

The form of trust that had developed within the culture at one of the holistic organisations had particular characteristics. It was linked to the flatness of the organisational structure and level of familiarity where all staff called each other by first names. Trust had replaced traditional supervision and control systems and staff were encouraged to use their own initiative and complete tasks unsupervised.

Edmonson and Moingeon (1999) noted that two types of trust occur where the organisation undergoes a constant process of change and growth: *trust in competence*, that a person is capable of producing a desired outcome, and *trust in intentions*, that the person can be relied on to behave in ways that support the interests of the employer in this case. Holistic organisations displayed both these kinds of trust.

In summary, the flat management structure, trust, and the openness of the culture at the holistic organisations had created a climate where employees felt empowered. They displayed loyalty and a desire to do well for the company.

Equity or inequities in provision

Earlier research (Lewis, 1997; Lewis and Lewis, 1996) stressed the importance of line managers and organisational culture on the extent and attitudes towards take up of flexibility. The most direct factor influencing access and take up in our SMEs was the need for employees to obtain clearance from line managers. We discovered that a range of decision-making models were used to evaluate employees' requests. (These types are more fully described in an earlier paper on the first phase of this project [Dex and Scheibl, 2001].)

It certainly was the case, especially in selective and resistant SMEs, that the main hurdle in obtaining flexibility for employees was to win the support of line management. In one example (Records) the opposition from line management to employees' requests was off-putting. The right to flexibility was not offered to all employees in SMEs that had a selective approach. The lack of formal policy documents and communication strategies meant that employees did not always know they could ask for flexibility. So, in practice, obtaining flexibility in SMEs rested heavily on relationships and expectations.

Our analysis of the employee responses shows that employees across the whole range of SMEs were very unlikely to perceive the organisation's provisions as unfair – even when the level of provision was very low. Given the way the selection of employees for interview was made, we are unable to discern whether the fairness reported to us was widespread or a feature of the particular selection of employees. However, one of the employees we interviewed at the low-flex SME, Technical Services, believed that the firm was fair even though she was personally dissatisfied with the current level of provision of flexibility and was close to exhaustion and burnout.

One employee we interviewed at Vaccines for Health was not confident of gaining access to flexibility. This employee said there had been incidents where employees objected to the system of managing flexibility because it was favouring 'star' workers, notably those rated as most valuable to the firm. The senior scientist did not think that the current levels of provision were fair to the employees. The other three employees we interviewed at Vaccines for Health did think the system was fair. These latter views may stem

from a low sense of entitlement of the kind also noted in Yeandle et al (2002).

Flexibility was used as a perk in the scientific and high-tech sector. A high degree of autonomy over working patterns was in evidence for professionals at organisations that employed scientists. By contrast, professionals in business services had very little autonomy and worked under the constraints of client demands. In the scientific organisations (Electrical Parts, Vaccines for Health, Technical Services, PharmaCo, Software), professionals were permitted to take sabbaticals or arrive late or leave early – sometimes within accepted limits of half an hour at each end of the day. In these settings administrative staff were refused access to flexibility. By contrast, professionals in the business services sector worked long hours whereas the administrative staff had access to flexibility. Moreover, the uptake of part-time hours among a minority of female professionals in the business services sector was perceived as an indication of a loss of interest in career. The latter perception was present at Big Agents, The Partnership, Technical Services and Small Publishers. We propose that these patterns reflect the gender and power relationships within the different organisational contexts. For example, in the business services sector the high status of professionals (chartered surveyors and engineers) was supported by their working long hours. This set of values reinforced the status of male professionals over female support staff. In scientific and high-tech professions (biochemistry and software), high status was linked to autonomy over working hours which also acted to reinforce the status of the predominantly male elite over the female administrative staff.

Our data indicated that opposition from peers when using flexibility was uncommon. However, it is interesting to note that three employees, two working for low-flex organisations and one based at a high-flex SME each experienced opposition from peers or superiors. They each felt that their peers resented their request for flexibility because it contravened the responsibility of their position. In the case of the part-time electronic journals editor, his team workers also resented picking up his work when he was out of the office.

Summary

Both the awareness and appreciation of flexibility by employees was greatest in the holistic organisations and less in those taking a selective approach. However, there were expressions of appreciation of flexibility in many of the SMEs we studied. What the strongest expressions of appreciation seemed to be saying was that they valued their employer's approachability. The employer may not have all the policies formulated, but a confidence that they would listen with an open mind and a flexible outlook was highly valued. Employees also expressed the view that it made good business sense and drew high motivation and effort out of them and deserved a reciprocal response.

More problems from the organisation of work were visible in the selective and resistant organisations than were apparent in those with a holistic approach. Work-life balance was also most apparent among employees in the holistic organisations compared with the others, although clearly the work-life balance of some individuals had benefited in selective organisations. The picture was also complicated by the fact that employees in some resistant organisations often did not voice problems of work-life imbalance. In some cases, this was related to the autonomy and flexibility they already had as part of their higher level status. Trust was present in all the SMEs. In the holistic organisations, trust was based on an open culture and clear management strategy. In the selective organisations it was based on longer job tenure and employees having shown loyalty, and here trust was clearly selective. In the resistant organisations, trust was based on the privileges of higher status. There was little display of inequity or bad feeling among these SME employees. The expressions we heard were related to the perceptions of what is appropriate behaviour for certain work roles and positions.

Problems of introducing or extending flexible provisions

Introduction

This chapter reviews the problems that HR and general managers at SMEs thought could arise from offering or extending flexible working arrangements in their organisations. This study was designed to identify mechanisms that could support the transfer of good practice. An important aim of the design was to be able to evaluate whether the barriers that employers put forward as reasons for not offering flexibility are genuine barriers. We treated employers' accounts of the potential problems that could arise from the introduction or extension of flexible working at face value. We have no reason to believe that employers did not genuinely believe what they told us. However, we investigated the possibility that the barriers employers put forward are based on (false) perceptions and expectations of traditional workplace cultures. In principle, these perceptions can be changed. Our evaluation of employers' perceptions is based on two sources of data. The first comes from interviews among MDs and HR managers at SMEs that did not make flexible provision widely available to employees. These data describe the barriers that employers think the organisation would face if they offered flexible working arrangements. The second source of data is drawn from interviews with HR managers and MDs at a matched set of organisations, facing similar business constraints and using similar types of work and levels of qualifications of workers, which did offer a range of flexible working arrangements. We are able, therefore, to make some comparisons between these two situations. If an employer thinks there would be a problem to the business by having flexible working arrangements, we can see whether one of our other organisations has resolved this problem. In this way we also

address the question of whether practices are, in principle, transferable from one organisation to another.

In the rest of this chapter, we review briefly the literature about barriers to flexibility. Following that we describe the problems this small set of SME employers raised about the prospect of introducing more flexible working arrangements. We then evaluate the nature and status of the problems raised using material from our earlier flexible case study organisations.

Earlier studies

There are three main levels at which employers in general have perceived obstacles to the introduction of flexible working arrangements, as reviewed in Scheibl and Dex (1998). First, some employers may perceive that the business case is against it. This may or may not be true in their case. Second, some employers may be committed to traditional ways of working possibly because this fits in with the culture of their organisation. Finally, there may be structural constraints imposed by the size of firm, the labour market conditions or the social policy environment, which militate against introducing more flexible options. We can also examine these reasons as either internal or external to the organisation, as summarised in Table 6.

Small size appears on the list of barriers as a problem in itself. In part, the problem of small size is something that has emerged from surveys where it can be seen that smaller organisations have not offered flexible working arrangements to the same extent as larger companies (Dex and Smith, 2002). It is then inferred that small size is

Table 6: Summary of barriers to flexibility**Factors internal to organisation**

- Costs of replacements for career break places
- Family-friendly policies perceived as an 'efficiency wage', not an employee's 'right'
- Dominance of 'linear career' or male model of work
- Linkage made between time, productivity and commitment in corporate culture
- Perception among managers that family-friendly policies will cause disruption
- Management styles based on control and dependence
- Size of organisation

Factors external to organisation

- Tightness of labour market conditions
- Ongoing process of competition and change in the business environment
- Working time regimes specific to the industry and production process
- Social policies and legislative framework

Source: Studies which form the background for these lists are referenced in Scheibl and Dex (1998)

itself a barrier. However, as indicated earlier, this may be a product of survey data failing to reflect the informal nature of small firms' practices. Other studies have noted the relative lack, in small organisations, of a specialist HR or personnel function. This may contribute a resource barrier to introducing changes in working practices. Curran and Blackburn (1994) documented SMEs' lack of responses to information sharing networks. On the other hand, some recent empirical work on the HR practices of SMEs have found them to be highly innovative (Bacon et al, 1996; Storey et al, 1997) and our own earlier study of flexibility in SMEs supported this finding (Dex and Scheibl, 2001).

The 1996 maternity rights study found that small workplaces were more likely to report that they had no problems with the legislation and covering for absence (Callender et al, 1997). This same study reported that equal numbers of British employers saw advantages and disadvantages to providing family-friendly working arrangements. The main disadvantages seen by employers were related to increased administration and the disruption through having to cope with staff absences (Forth et al, 1997).

An alternative view of SMEs' responses to new regulation or new information comes from other

literature. Research indicates that there are deep-seated reasons why small business owners decline new information and often appear resolutely unwilling to accept the alleged benefits. A number of reasons are suggested: Lightfoot (1998) noted that owner managers often claim that outsiders do not understand their business, a viewpoint attributed to the psychology of the small business owner identified in many studies (Goffe and Scase, 1995; Goss, 1991). For the SME employer, external support is seen as compromising autonomy. The 'top-down' character of information and regulation is another reason why SME employers decline new information. Often they feel that they have been passed on ideas from large firms which are poorly suited to the needs of small businesses (Lightfoot, 1998).

The Department for Trade and Industry (DTI) report of their employer survey on support for working parents (DTI, 2000) examined the costs for employers of providing flexible working/leave arrangements. The problem most commonly cited was that of finding cover for absent employees; 48% of workplaces mentioned this as a cost and it covered the arrangement of the cover as well as loss of output and recruitment costs in some cases. Some of the time the absence will be predictable, in other cases it will be unpredictable. Four per cent of workplaces mentioned there were administration costs associated with offering flexible working arrangements. The percentage was higher in large workplaces. Small workplaces were more likely not to identify any problems. It is not clear from the report of these findings whether they include perceived costs by employers who did not have any flexible arrangements or just the costs of those employers who had tried to provide flexible working arrangements.

This project casts more light on SMEs' attitudes towards and approaches to providing flexible working arrangements.

The problems

Our interviews with HR managers and employees in the low-flex organisations uncovered a range of problems these employers thought could arise from the attempt to introduce flexible working practices. We asked HR managers and MDs to consider the consequences of making part-time

working, working at home, flexi-time, staggered hours and parental leave widely available within their firm. Employers presented a number of fears relating to these kinds of flexible working arrangements. The main fears for the business from offering more flexibility fell into four groups, notably:

- additional work and red-tape from changes in the law;
- loss of clients;
- employee productivity falling; and
- management finding it difficult to manage or administer the flexibility.

In cases where employees could be on leave, or have flexible hours of work and be away from their desks, several employers, particularly those in professional services, worried that this would affect clients. There was the potential for clients to be lost with an associated loss of earnings for the architects at The Partnership.

Where employees might be allowed to work part time, there was the fear that they would not work effectively and productivity would fall. Another concern was that part-time hours would be a problem for the production process or for service continuity.

In the case of working at home, employers feared that staff morale and productivity might decline if staff felt isolated at home and lacked support. There was a fear that employees would not have sufficient guidance if they worked without management supervision either outside core working hours, if the manager was out of the office, or if they worked at home.

We elaborate on these barriers to change below. They are grouped under the headings of *ownership of change* relating to SMEs' feelings of exclusion from policy-making decisions; *organisational culture* relating to how rules and expectations could act to block opportunities for change; and *structural aspects of work* which relate to the technological features of the work process which are relatively fixed. We then consider whether the barriers are resolvable problems.

The barriers

Ownership of change

A key theme that emerges from our study is that the low-flex firms were unreceptive to external and/or legal pressure because they had no sense of ownership of the change, as hinted at in the literature. They did not feel that they had been included as stakeholders in the development of work–life policy. We also found that SME owners and HR managers in the low-flex organisations were of the view that government did not understand the needs of SMEs. HR managers and MDs we interviewed thought that pressure for SMEs to adopt work–life practices was misplaced and paid no respect to the costs that they believed would be imposed on the business:

“The government came along with these policies. Who asked the small employer? If there were seminars they should invite small employers and get more of our views before the policies get into place. We have had information and we do not want more paper, no more documents. We should have seminars.” (HR manager, Vaccines for Health)

“The information from the government about the new directives (Parental Leave, Working Time) has been terrible; we have had to find out information ourselves. We had to chase up the information. We did not get information; we had no details about the Parental Leave Act. The government did not consult us. We are not very happy with the government's attitude.” (MD, Medical Tools Company)

Some of the HR managers and MDs of low-flex SMEs interviewed during the second phase of the fieldwork felt overwhelmed with the pace of change, the density of information and/or the lack of information. They also expressed uncertainty and confusion about the details of the parental leave entitlement that came into force while we were carrying out our fieldwork.

Our research indicates that the adoption or transfer of good practice would be greatly enhanced and be more successful if SMEs felt a sense of ownership of any proposed innovation or job design change. Achieving this is another matter.

Organisational culture

The ethic of client service

The organisational culture at several low-flex organisations was centred on the need for employees to work long hours and meet the demands of clients. There was a strong belief in an ethic of client service which often incorporated a commitment to long working hours:

“We could lose clients if the deadlines are not met. You have to put in the hours.”
(Project manager, Technical Services)

“Long working hours are a feature of the firm. People like to be successful. Most of our professionals have opted out of the working time directive. Plenty do 60 hours per week.” (MD, Big Agents)

When asked why it was not possible to break jobs down into smaller components, the same MD listed the following obstacles:

“The job is client-directed, and clients expect constant support. Professionals do not want to share their jobs. They find work rewarding and want to earn high salaries.”

This dependence on long hours of work of many businesses providing professional services has been noted in the DfEE's baseline survey (Hogarth et al, 2001).

The comments of the MD at Big Agents and the project manager at Technical Services are typical of other firms in the group (The Partnership, Chartered Surveyors, and Electrical Parts). They believed that job shares or any other form of flexibility would not be beneficial to their business or staff because it would not meet business or employee needs. Clearly these companies relied on direct contact and good relationships with their clients. The issue of clients needing to deal with one contact also came up as a barrier at Small Publishers. Another major concern among the HR managers and MDs who mentioned clients as a barrier was that flexible working patterns would undermine the development of trust between employee and client. At Medical Tools, scientists and engineers had to be present in the office to deal with client's questions and problems.

Traditional beliefs about career structure, productivity and management

Research has identified interrelated components of organisational culture which act to obstruct flexibility. Foremost is the ‘traditional’ career structure of full-time core hours, which remains the preferred mode of working for many leading and professional companies (Guest and Mackenzie Davey, 1996). Another component is hierarchical management style. Commentators have described this particular management practice as ‘chaining people to their desks and just turning the wick up under them to get more out of them’ (Guest and Mackenzie Davey, 1996).

These kinds of beliefs were expressed by HR managers and MDs in our low-flex organisations. There was no support for the business case for employees to have flexible working arrangements in these organisations. There was also an issue about control over staff in the management styles of the low-flex organisations, expressed as a fear of not knowing whether employees were working to speed if they were at home, or at work outside normal hours but unsupervised.

Employee behaviour

We also uncovered the presence of ‘workaholic’ or ‘ideal worker’ employees at Electrical Parts, the Paper Company, and The Partnership. (The term ‘ideal worker’ has been developed in the literature to describe employees who perform consistently, work long hours and sacrifice home life for work [Rapoport and Bailyn, 1996].) The HR manager at low-flex Electrical Parts reported that employees were often at their desks for 12 hours a day because they loved the fun of their work. We encountered similar situations where workers themselves liked to work long hours at other organisations.

Structural aspects of work

Operational constraints

A genuine problem faced by the scientific and engineering companies we examined arose from the limits imposed on flexibility by job structure, technology and work pressures. The logistical and practical dimensions of this problem are illustrated by the comments of the project manager at Technical Services:

“It is important to have continuous presence working on a job. You have got to have the drawings done by 12 noon. Then they have to be signed and sent to the print room. Then they have to be in the post room by 4 pm. There are six different processes to go through. This cannot be done on a flexible basis.”

Similar problems surfaced in the media/arts sector. Interviews with employees at the head office of The Video Company identified a range of working practices that were disliked; these included early starts and long working hours during peak times of the year (such as holidays). The HR manager listed a range of factors that obstructed the expansion of flexible working for employees at head office:

- The volume of work.
- The long opening hours of commercial clients running shops; the telesales staff need to be on line to take orders from 10am to 10pm.
- Flexible working would create ‘spaces’ at the start and close of the day when people did not want to work and could undermine the business.

The MD at The Partnership explained that the loss of either job or project architects for any period of time would undermine the organisation’s ability to meet deadlines and complete workloads. It was an accepted and regular practice for employees to cancel holidays if a deadline had to be met.

Low job substitutability

A major constraint on flexibility for SMEs with highly skilled employees (architects, scientists) was the low substitutability between employees. MDs and HR managers explained that in their experience it was unlikely that they would be able to locate a skilled architect or scientist who could provide cover for three-month periods if one of the workforce went on parental or maternity leave. This reason has also been recognised by Yeandle et al (2002).

Genuine barriers or resolvable problems?

In trying to address whether employers were identifying genuine barriers to their introduction of flexible working arrangements, we have data

from two main sources: from employees in the organisations studied and from employers of organisations that had successfully introduced flexible working arrangements.

On SMEs desire for greater consultation and more seminars about new legislation, we have a point to note. When this research team helped to host a DTI Roadshow for consultation about parental leave legislation, the four of our case study employers who expressed dissatisfaction at the level of government consultation and requested seminars were all invited. None of them turned up. We presume this was because of the pressures of work.

We turn now to a consideration of the barriers we are able to consider from the data we collected.

More government consultation

The employee barrier

The employees’ data are a useful resource because they allow us to compare accounts with those of the employers to see if the barriers related to employees are supported by employees themselves.

We saw from the discussion earlier that employers from the low-flex group suggested that their employees did not want flexibility or would perform poorly on a flexible schedule. Key examples were Electrical Parts, Technical Services and Big Agents where the HR manager or MD thought that employees liked working long hours with the implication that they would miss the work and the salary attached to it. The context of these claims was one where there were no paid overtime regimes but only fixed salaried workers.

Contrary to the employers’ perceptions, employees whom we interviewed at Technical Services and Big Agents indicated they would value the opportunity for more flexibility. The fact that quite a number of employees stated a preference for flexibility could be indicative of much wider support within the organisations. It is also worth noting that these employees were picked for interview by the employer. For example a senior surveyor indicated that she would like the flexibility to arrive later at the office, which would allow her to miss the traffic. In the current climate she was unable to arrive

later than 8.30am. If this employee did arrive later she risked being seen as unprofessional and faced being teased with comments such as 'good afternoon'. At Electrical Parts, the HR manager presented the organisation as 'young' and dominated by people at the beginning of their careers, without any family, who enjoyed working long hours. According to the HR manager the organisation did not have a long-term view of how the organisation might need to change in tandem with the ageing of their employees as they reached the family formation stage of their lifecycle. The organisation already had a high turnover problem, but the HR manager accepted this as a byproduct of the competitive nature of the field. By contrast, the recruitment manager believed that people left because they were burnt out and could not get time to spend with their families. Two of the four employee interviews corroborated the recruitment manager's view. Also the recruitment manager who had teenage children and an elderly mother wanted the flexibility to work shorter hours.

Employee demand for flexibility was in evidence at the other business and professional services organisations in our sample. Several of the employees we interviewed had high levels of self-reported stress and burnout had taken place in one or two instances.

The 'burnout' context of Woodcare Advice was illustrated by the fact that one member of staff we interviewed had resigned the week before the interview due to the stress of work and being unhappy with the travelling the job demanded. She explained that the monthly management meeting required driving to the north of England and travelling back in one day. It was this rigid expectation that had forced her resignation. She found the car journey exhausting and it meant that she took a week to recover. Similar high levels of stress were reported by the other three managers we interviewed.

The relationship between excessively long hours and unhappiness in employees is further illustrated by The Paper Company. One employee we interviewed, the factory manager, had problems with exhaustion and stress after working in excess of 70 hours a week. The employee was laid off work for two days and came back on a reduced work schedule. It should also be noted that the The Paper Company had taken steps to negotiate a package of hours

with employees that was less onerous on their health following the burnout experienced by the factory manager.

The HR manager we interviewed at Electrical Parts said that she often went home exhausted and felt that she had 'lost the plot'. Her high workload was linked to the fast turnover of staff for which she had to recruit and employ new contract staff. She worked long hours because she had to. In reality she wanted to work flexible hours, which allowed her to have more autonomy over her working schedule.

In summary, our data indicate that employers' perceptions about their employees' preferences were not entirely accurate. Clearly there is room for improvement in the communication between employees and employers. Employers' perceptions appeared to be based on the actions of a minority of single people at the start of their careers. This partial and incomplete view could be improved by employers having more or better channels of communication with their employees. The importance and benefits of good communication in organisations is stressed in several previous studies (Dex et al, 2000; Goyder, 1998).

The client barrier

In this section we draw on the data from interviews with MDs and HR managers at the flexible organisations. Our analysis of these data suggests that the client barrier is not insurmountable.

Clients were an issue for a number of organisations in the high-flex set. Nonetheless they had been able to introduce elements of flexibility in their working arrangements. The high-flex publisher Books had introduced flexi-time and childcare payments and Publishers had allowed part-time working. In neither case had the business suffered. Further examples come from Records who had used internal cover to provide cover for senior managers who were responsible for many clients. Small Agents allowed staff the autonomy to take time out when they had family events which took precedence over clients' needs. PharmaCo and Diagnostics who produced goods to clients' specifications had developed part-time working and staggered hours as flexible options to meet the work-life demands of employees.

We conclude from this review of the matched organisations that the client service problem could be alleviated in each of the different sectors (publishing, architecture, engineering, property management and media/arts) in one of a number of ways:

1. Where possible work could be reorganised in each sector with teams or joint responsibility for a group of clients¹.
2. The company could use smaller subcontractors on a regular basis to provide back-up. A possible source would be skilled female employees who wanted to return from a career break. (A new national internet service 'Womenback2work' is developing a website that aims to link women and employers to enable women to return to work from career breaks. A similar idea was advanced in the DTI Green Paper, *Work and parents, competitiveness and choice*, 2000).
3. Much of the client relationship is carried out over the telephone. One would expect that this element of work could be done from home, or from another office.
4. Low-flex organisations would benefit from management training, which enabled the senior staff and managers to build trusting relationships with employees. This feature alone would greatly enhance the scope for flexibility.

Very small organisations such as Small Publishers (with just eight employees) would have restricted potential for forming teams with joint responsibilities. However, it is possible that specialisation in one subject area or product would create the potential for sharing responsibilities. We also noted that the challenge of small size had been dealt with by Small Agents who employed 33 people.

Attitudes to working flexibly were a barrier, but another problem was unfavourable attitudes towards new technology. Reluctance to innovate with new technology such as the internet or mobile phones was noticeable among the

resistant and some of the selective employers. New technology was not recognised as opening up possibilities for flexible working. Also there was an unwillingness to trust employees when they were out of the office. Addressing this need for attitude change is a more difficult challenge.

The substitution barrier

The client relationship is a special case of a lack of substitutability between employees and their skills. The substitution problem was felt to be severe among architects at The Partnership. The context at this organisation was compounded by the overload of work generated by the boom in construction. The main barriers here were the need to be always ready and available for clients.

However, we suggest that the main reason why architects did not share responsibility for particular jobs and clients was traditional and driven by client expectations. One employee had negotiated a part-time contract. This job strategy worked well within the firm and brought no objections from fellow employees. However, the employee did face very strong opposition from clients. Once this battle had been won, clients accepted that she worked part time. Our respondent noted that her workmates could only be in one place at one time so there were already occasions when one or other client had to wait while the employee dealt with the needs of other clients, was out of the office or was attending meetings. It follows that clients' demands could be filtered by a general PA. The use of mobile phones would also allow employees to have more autonomy and flexibility.

The problem faced by employees in high-pressured jobs is that the pace of work militates against introducing changes to the working practices. Time to consider change is in short supply, unless it is forced on the organisation. Change itself can bring disruptions and new problems which can lead to loss of business and in some cases to closure. Hence there is a tendency to cling to traditional ways of working.

The operational barrier

MDs and HR managers at several organisations also described operational barriers to more flexible working arrangements. These were the most serious barriers. They related to the need to be in the office to monitor experiments, complete

¹ Correspondence from John Evans (OECD) informed us that, subsequent to the introduction of the 35-hour-week in France, some insurance companies have adopted teams to replace individual responsibility for clients. He also noted that at the beginning this caused considerable frustration for clients.

drawings using office-based equipment, take orders from customers, and produce specialised goods using high-tech software and machinery. We think it is important to acknowledge that certain core tasks have to be performed in the workplace. While it is reasonable to assume that some procedural checks could be completed by subordinates, some processes require the input of senior personnel. These kinds of constraints are not easily overcome and constitute what might be termed baseline constraints that cannot be reconfigured on a flexible basis. However, in these circumstances a greater recognition of the pressure and an acceptance that periods of pressure relief are needed would help. In some cases negotiations with clients for a slightly longer timetable could assist.

Another option is to allow planned periods of leave. For example, professionals could take sabbaticals or maternity leave. It is interesting to note that HR managers at two organisations, The Video Company and Technical Services (which had fairly strong operational constraints), took a positive view of parental leave on the grounds that it gave a clear signal to women that 'it is okay to take time off' when family life demanded it. The HR manager at The Video Company said that the organisation would give consideration to requests and where possible would use temporary cover.

Diagnostics, PharmaCo and Software made staggered start times, part-time hours and internal cover available to employees. They faced the same operational barriers to flexibility as those highlighted by low-flex Vaccines for Health and Electrical Parts. They also had similar work patterns and team structures where support and assistant laboratory or technical staff were responsible to a senior scientist or software engineer. The main difference between high-flex and low-flex organisations was the lack of belief in flexible working and the trusting management systems that permit these kinds of working practices to develop.

The management problems

A key concern of HR managers and MDs in low-flex organisations was that flexibility would pose problems for productivity, for payroll and staff morale. We can compare accounts with the HR managers and MDs at high-flex firms to gauge the genuine nature of these problems. Our interview

schedule asked HR managers and MDs at high-flex firms to consider the following impacts of flexibility at their firm:

- costs;
- disruption;
- additional management pressure;
- impact on morale; and
- impact on productivity.

A few high-flex employers we interviewed did express concern about costs mainly as related to childcare. As we have demonstrated in more detail elsewhere (Dex and Scheibl, 2001), most flexible employers had developed (tacit) business cases to support flexibility and avoid incurring additional costs. Line management were able to develop solutions that benefited the organisation and the employee. This included arranging internal cover, redesigning the job as part time, agreeing staggered start and leave times or one-off periods of leave to deal with work-life issues. There was no evidence that serious long-term additions to managers' workloads had resulted. Also, we did not find evidence of damage to productivity or staff morale. On the contrary, most believed that staff worked better as a result of the change because they were happier.

Summary

This examination of the barriers to introducing flexible working arrangements in SMEs provides us with a number of conclusions. Many of the problems perceived by employers are resolvable by:

- a change of mind set;
- management systems based on trust;
- being open to different ways of organising work and using new technology; and
- better communication between employers or managers and employees.

There are some operational constraints, which employers would always have to confront, but our examples indicate that flexibility can be incorporated into a range of workplace environments without disrupting productivity or employee morale.

Similarly, ways of addressing the needs of clients are possible while allowing employees more

flexible working arrangements than they currently have.

A major difficulty in getting SME employers who currently do not allow flexible working arrangements to allow more flexibility is the time constraint. The pressures are such that time to reflect on the organisation of work and new working arrangements is hard to find. The HR management skills required to be able to adopt or reorganise and embed new working arrangements were absent in some small workplaces. We offer some suggestions for ways forward in the next chapter.

Ways of transferring practice

The term *transfer* has been used to describe the process of taking ideas and practices from one function and setting them up at another site. It is widely recognised, but based largely on the experiences of large manufacturing or public sector organisations, that the transfer of (best) practice is a complex process. Without expert facilitators and change agents to support it, it is very difficult to realise (O'Dell and Jackson-Grayson, 1998) and typically takes at least several years to accomplish. In this chapter and this project we are concerned with two types of transfer. One focus is transfer between organisations. The other focus is on the transfer of good practice within organisations. The latter process, which is termed 'internal transfer' in the literature, is an issue of particular relevance for SMEs where much practice of flexible working arrangements is informal. We recognise, however, that even in large organisations, with written policy statements, the practice can be very varied across internal departments as noted in Bond et al (2002) and Yeandle et al (2002).

In the last chapter we saw that it seemed possible, in principle, for SMEs that currently do not have flexible working arrangements to adopt some of the flexible practices of other organisations that have introduced them, either in the same industry or with similar types of work. Some operational constraints were not favourable to the introduction of certain types of flexibility, but it appeared possible to go some way towards at least relieving the operational pressures through more flexible working arrangements in most cases. We also suggest that within-organisation variations in management practice could in principle be made more uniform.

Sources

During the course of this project, data were gathered, in addition to data from SMEs, on the

ability to transfer practice between SMEs from a number of other sources:

Interviews with local agencies

A set of local agencies and agents were interviewed during this research project. They cover local Training and Enterprise Councils (TECs) before they were reorganised, Women's Returner Networks, Business in the Community, Opportunity Now, Fair Play, Employer Links and small business consultants.

Focus groups and seminars

A focus group was convened in Cambridge to discuss the question of transfer of best practice within SMEs. It consisted of individuals drawn from the active local government and community agencies with an interest in flexible working arrangements. Several other seminars were convened where some of the same participants discussed these issues.

Region-wide mapping project

As a result of the initial interviews and focus groups, one of the authors was invited to participate in an initiative spear-headed by the eastern branch of Business in the Community for the East of England Development Agency (EEDA). This initiative involved mapping the diversity and equality activities of agencies in the Eastern region and consulting these groups about how these activities could be aided by the EEDA. The content of this initiative overlapped with the focus of this project (although its scope goes beyond the subject under consideration here). This meant that further information was collected from the EEDA project, which can be integrated into this report.

Transfers between organisations

The idea that organisations can be cooperative as well as competitive in the market is now recognised in the literature (for example, Powell, 1990) from regional districts in Italy (Brusco, 1982) and the Silicon Valley (Saxenian, 1994). However, it may not operate well in all circumstances, sectors or national cultures. The UK government policy has been keen to promote the development of information-sharing networks among SMEs in the UK (for example, Lauder and Westfall, 1997). However, research has found that participation in SME networks is very low (Gibb, 2000) despite 20 years of substantial government funding, the creation of many hundreds of local support agencies and at least 200 different initiatives. (Even support programmes targeted at training and business development achieve a take up of only 10%.)

Clearly there is no single (best) practice that suits all needs (Szulanski, 1994), a conclusion that was recognised by all 23 of our employers and the various local agencies we interviewed.

The main mechanism for transfer developed in the large firm sector is the benchmarking system, which operates on a principle of cooperative competition (O'Dell and Jackson-Grayson, 1998). Large organisations are interested to establish both external and internal benchmarking systems and have in recent years embraced the principle of sharing knowledge and adapting practices to new environments. Other established mechanisms include:

- high profile awards/rewards for firms with outstanding practices;
- electronic networks to promote business case reasons for work–life practices;
- electronic networks for sharing of information on childcare and work–life practices;
- corporate maps (in other words, contact addresses and phone numbers of people with responsibility for work–life issues) used to facilitate exchange of information;
- workbooks/manuals that support the process of change.

We found evidence of some of these mechanisms in the Eastern region among our flexible SMEs and in the local community's resources – notably participation in Parents at Work award schemes (one company had been shortlisted for this

award), electronic networks (the electronic network 'Employer Links' had been used by several of the employers we worked with) and the use of corporate maps (two SMEs were developing this system of communication).

SMEs and the transfer of practice

Advocating external benchmarking among SMEs of the kind used by Opportunity Now is unlikely to be helpful. Our study did not find any evidence of interest in or experience of external benchmarking for flexible working arrangements among the sample of 23 SMEs. The HR and general managers we interviewed at the 23 organisations were not aware of the benchmarking activities of Opportunity Now. The community and local agents interviewed, and especially those with experience of benchmarking, agreed that it was not likely to interest SMEs. The paperwork involved was thought to be too onerous for SMEs, and the idea of a comparator group would not easily be accepted.

We noted in Chapter 6 that research has documented SMEs' negative responses to regulation and new ideas coming from top down or perceived as being from large employers. Also the unstable and short-term nature of some SMEs is a further problem when it comes to considering ways of encouraging organisational change (Curran and Blackburn, 1994).

Our research showed that most flexible working arrangements in SMEs are currently practised informally. The informality of provision is also problematic when transfer of practice is being considered. Because informal practices are grounded in tacit knowledge, this makes transfer of ideas and practices difficult (Narasimha, 2000). Effective transfer also requires that the potential recipients perceive a need for new practices.

Our research suggests that the business case (staff retention and increased productivity) was probably the strongest driver for provision of flexibility in SMEs (Dex and Scheibl, 2001). Employers' personal values have clearly had an important part to play but these are not easy to transfer between organisations.

Most of the HR and general managers we interviewed at the 23 SMEs were not enthusiastic about the idea of having a 'mentor' organisation

that could give them advice and help on the development of flexible working arrangements. However, one SME, Small Publishers, did find this relationship extremely useful, especially for obtaining information about new legislation. This mechanism might be useful for some very small organisations, especially on legal matters.

Transferable practices from this research

We set out to explore whether there were flexible work practices that would transfer between SMEs. (Of course some of the work–life balance working arrangements only appear in large companies, often in the public sector. These – for example, workplace nurseries – would not be candidates for transfer to SMEs.) We consider that it would be easier for SMEs to adopt flexible working practices that relate to hours of work in preference to practices that involve periods of leave. Provisions that involve financial assistance to employees, for example for childcare, are also likely to be out of reach for many SMEs. Our panel of local agencies also had the same views about the relative potential of these arrangements.

Team work and multi-skilling are also practices that many SMEs could adopt. These ways of organising work and training the workforce could strengthen the organisation's ability to cope with greater flexibility in hours of work and, in some cases, relatively brief periods of leave.

Of course, there will be teams that are not multi-skilled in some organisations, where team members are selected to have the mixture of skills necessary to address the needs of a project. These types of teams will not have the same potential for providing cover within the team.

In addition, two of the business case decision-making frameworks for responding to employee requests have the potential to be transferable. These are:

- the individual balance sheet; and
- a points system.

However, rather than be totally informal and dependent on an employee's initiative and request, there is the potential for organisations to adopt these as explicit management practices. It

could be made clear to workers that managers are happy to receive requests for flexibility, but would take an employee's past record and performance or a business case into account in their responses. We call this *explicit informality*. Adopting these types of working arrangements would have a number of advantages:

- the elements of the customised flexibility that employees of SMEs appreciated would be retained;
- a *culture of approachability* would be encouraged as the environment that employees wanted most;
- some of the disadvantageous characteristics (in other words, inequity) associated with informal working arrangements would be overcome; and
- providing a clearer statement, in advance, of the criteria on which decisions would be made could reduce the inequity problems between employees.

Other action research projects carried out by the MIT group found that there can be unexpected benefits from introducing work flexibility. It can be a trigger for further organisational change and this has been shown to lead to improved business performance in a number of cases (Bailyn et al, 1997).

Internal transfer of practices

As noted in Chapter 4, there were inequalities within these organisations in the way employees were offered or allowed to have flexible working arrangements. We consider here the scope for improving on this situation by transferring good practice within organisations. Some of the same constraints apply, as were relevant to transfer between organisations. In fact, where the organisation operated on more than one site, the processes of external and internal transfer of good practice are very similar. The finding that good practices are not always transferred to other departments is consistent with the findings of previous studies of knowledge transfer in large organisations. (One study of member companies of APQC [American Productivity and Quality Centre] reported that even in leading 'learning organisations', best practices took an average of 27 months to wind their way from one part of the organisation to another [Szulanski, 1994].)

This process of internal transfer has sometimes been considered under the heading of internal benchmarking.

The capacity for internal transfer can be thwarted by a reliance on implicit information and the logistical, structural and cultural hurdles that organisations create (Szulanski, 1994). Often the most important information people need in order to implement a practice cannot be codified or written down. It has to be shown or explained to them and requires dialogue and interactive problem solving. Creating a policy *handbook* does not cause change to happen. This was illustrated by the fact that the senior partner at Big Agents had no knowledge of the policies and practices on offer at the organisation because no direct communication from the London office had taken place. However, there was a handbook.

An organisational culture that places value on personal expertise and knowledge creation over information sharing can also act to impede the development of flexibility. This is typical of the professional services firms included in this study. This was particularly true of organisations practising architecture and engineering, chartered surveyors and estate agents. Each of these organisations had a strong client service ethic, which encouraged employees to sacrifice home life in order to play the role of the expert for clients. A primary example is The Partnership where senior employees had the highest self-reported stress levels in the entire sample. The employees and MDs that we interviewed were not aware of the ‘work–life’ debate. The range of concerns they had about flexibility were driven by fears that flexibility would alienate the client – a fear that was partly grounded in the experience of one part-time employee who had had to struggle to encourage clients to accept her as a part-time employee. Similar findings are reported in a study of large accountancy firms by Anderson-Gough et al (2000).

The barrier created by the commitment to the service ethic was compounded by the low substitutability of professional staff, which generated real difficulties with locating short-term cover.

Pursuing the model of internal benchmarking would require a regular audit of practice across an organisation’s departments or business units. This is unlikely to be adopted because of

resource constraints in SMEs and time pressures. Local agents stressed that SMEs do not have the time or resources to carry out audits or research or assemble employee focus groups to support development of a ‘work–life’ agenda. Also, some department or line managers were interested in concealing their practices (Chapter 4) – an example of silo behaviour, in case other employees objected or their seniors saw fit to order their removal.

The precursor for change in SMEs is a more open management culture and working towards a learning organisation. This would also imply the need to move to a culture of sharing information and away from a focus on personal expertise and private knowledge. These are the elements that have made for success in several of the flexible SMEs we studied. Artefacts have also been developed to support the culture. In one company this included a large poster board to display any complimentary newspaper coverage of the company’s family-friendly status. Internal magazines have also been used to highlight and promote the flexible options on offer. Rewards were offered for sharing information in two holistic organisations.

There needs to be a recognition that trust underpins much of good management practice. As well as reducing the transaction costs of operating a business, employees are happier in trusting environments (IRS, 2000; Friedman et al, 1998; Nyhan, 2000). The value of a trusting culture as a mechanism for developing good practice and good business was evident in the successes of some of our high-flex organisations. This view was supported by the experiences of local agents. Many were experiencing growth and some exceptional performance, although the same is true of some of the low-flex organisations. It was also noted that trust between employers and employees takes time to develop. Hence it may not be realistic to expect access to flexible options to be available from day one of an employee’s tenure in an organisation, but for entitlements to accrue over a period. Of course, at the point of recruitment, employees are free to attempt to negotiate any flexibility they prefer.

In summary, the major barriers to the transfer of good practice within the SMEs studied in this research project were the lack of explicit information, reliance on tacit or informal

practices, resistance by some employers, and shortage of time for employers.

What role can the community play?

We found several models of community support for flexible working arrangements in the area that were having a successful impact in helping employers to change their practices.

Childcare information and service

A good example of a supportive external mechanism is the Employer Links service that was being developed into a national service during 2001. This was intended to absorb the Childcare Information Service which already had national status and offered a website information service. The new national Employer Links was to have three main arms:

- research;
- outreach work; and
- management of Childcare Link as a national website.

The service was being supported by national government. Employer Links have found that personal contact is the best way to win the interest of employers. Then the information is spread by word of mouth. Face-to-face contact is argued to be the only method that works.

We also discovered that the local Fair Play coordinator, at the time of our interview, was trying to coordinate the setting up of a childcare facility based on contributions from two larger companies in the same area. This officer said that it was a difficult exercise. In the end it was not successful. It does seem likely that a major involvement in childcare provision by organisations will only occur if it is coordinated by an intermediary and shares the costs over a wider constituency.

On-line information and consultancy service

Another mechanism is illustrated by the Grow Trust. This web-based information site offers women returners information about organisations' provisions of flexibility. In the Autumn of 1999 the Trust had 120 organisations registered. This facility could be extended to provide employees with the information they need to build their own

business case for the flexibility they would like. This support mechanism uses information and communication but needs to be a local service

The role of the regional development agency (RDA)

Local agencies and businesses were asked about the ways EEDA could help them address the diversity and equality agendas they were concerned with in the Eastern region¹.

The postal survey of 143 agencies based across the region indicated that there was widespread demand for help with developing networks and guidelines for good practice.

We asked organisations to identify which resources would help them develop this agenda more effectively:

- 41% wanted help with locating partnership opportunities;
- 35% indicated that they wanted help in the form of more coordination from local and national government; and
- 57% of voluntary organisations and 71% of local partnerships said that they would like more coordination.

Of the 71 who responded (50%), dissemination of good practice guidelines stood out as the key provision that our respondents believed would help them address needs of their client groups. This group included businesses, charities, and voluntary organisations.

The importance of partnerships for SMEs has been noted in other studies (Lauder and Westfall, 1997). Building networks was an important issue. It was highlighted by just over a quarter of respondents (28%) who indicated that they needed help in this area. Businesses made up the largest single group (35%) within the sample who wanted help

¹ The region includes Cambridgeshire, Bedfordshire, Essex, Hertfordshire, Norfolk, and Suffolk. The sample for the postal survey was drawn from the list of contacts on a database held by Business in the Community. The survey had a 50% response rate with 81 replies. This included 25 businesses, 18 statutory bodies, 33 voluntary organisations and 5 'other'. Full details of the survey are presented in Scheibl et al, 2001.

building networks. Finally, 27% indicated that they needed further research to help them address the needs of their clients. This demand for research came from businesses and voluntary organisations.

Other local and regional agencies.

Other potential sources of support for SMEs include the role of Personal Business Advisors and Small Business Services (SBS) agencies. These agents are the Learning and Skills Council's (LSC) main links to business and provide a key interface. The business advisors could provide face-to-face information and support on work-life issues. The local agents identified that, at that time in early 2000, the list of responsibilities that RDAs and subcontracted local agencies were obliged to address by government did not include flexible working arrangements, work-life balance or family-friendly working practices. They felt strongly that this was an important omission that needed rectifying in order to ensure that government, local agents and local public sector employers did address this topic. The fact that equal opportunity was part of the contracted responsibilities was not thought to be sufficient to ensure flexible working arrangements were addressed.

An example from one LSC in the region illustrates some of the problems of helping SMEs. In 1999 one LSC (a former TEC) offered small businesses in the region a grant of £1,000 to help carry out a caring audit among its own employees. No SMEs could be persuaded to take up this offer.

If EEDA or other local agencies are to play a part in disseminating good practice in the region, there are certain necessary (but possibly not sufficient) conditions for success. Participants from SME organisations need to be offered inducements to come to presentations and sharing meetings. EEDA needs to consider paying SME participants for the time they attend meetings. Also, holding meetings in the evening would help in some cases. Certainly the regional branch of the Chartered Institute of Personnel Development holds its meetings in the evening alongside a meal to encourage its members to attend.

The lesson to learn from the LSC failure to attract takers for the caring audit is that help for SMEs may have to be more extensive for it to be attractive; for example, by providing an SME with

the whole package of help to carry out the audit, process the data, analyse the findings and write it up into an accessible sheet of action points. The government's Work-life Balance Challenge Fund is one initiative that goes beyond the £1,000 TEC offer that may provide useful learning. Its value for SMEs remains to be seen.

Learning networks

Our discussants were asked what should or can be done to address SMEs' fears that flexible provisions will be costly and disruptive?

The general view was that information sharing needed to increase. This was considered to be the best method to break down fears concerning costs and disruption. This suggestion was supported by the findings of the postal survey conducted for EEDA. Another key need is for more education and training of managers. The latter view is supported by the findings of research consultants working in the field².

Electronic networks set up by the former DfEE and Employer Links also have the potential to help. However, interviews with outreach workers at Employer Links indicated that in their experience the only sure way to move a company forward on work-life issues is through face-to-face workshops.

One very successful learning network was operating in the Norfolk area among SMEs, with a local management consultant having an input. It had been started up by the owner of one of our case study organisations who wanted to learn from other local companies and share good ideas. The ideas implemented at this company were gaining a wider audience from this network and were regularly presented at regional conferences and seminars where employers and practitioners were present. (Several of these learning network events have had audiences of 200 and more local businesses.)

² Personal correspondence and discussions held with Lucy Daniels, a freelance consultant in work-life balance, has consistently affirmed the importance of management training as the key to effecting change. Lucy has been involved in researching work-life issues in SMEs throughout the duration of this study. Her work supports our main findings.

It is difficult to estimate the impact these events had as a catalyst for change in other settings. At least three companies are taking serious steps to consider implementing the practices they have heard about from this network. It should be possible for such networks to tackle the low level of awareness of the possibilities for flexible working that new technology opens up.

Regulation or advice?

A full consideration of the pros and cons of regulating for more flexible working practices is outside the scope of this report. However, we do have some limited information on these issues to include.

The local agency representatives did not think formal written policies were the right way forward for SMEs. Instead they thought that it would be preferable for SMEs to work with a concept of 'generic headings' or a set of *guidelines* rather than formal written policies. Guidelines and working models would allow the organisations to adopt their own flexible appropriate arrangements within the guidelines.

We asked organisations how they were finding new legislation. We also asked our local and community agencies to consider the kinds of external mechanisms (support and educational groups/legislation) that were required to promote and support the development of good practice and equity in SMEs.

Both employers and local agencies argued strongly against further regulation or legislation for SMEs. They confirmed that SMEs were feeling overloaded with recent new regulations and they would not respond well to more regulation in the near future. There was evidence of confusion, particularly over parental leave and family leave that were coming onto the statute book during our fieldwork. A recent DTI press release about the launch of a new taskforce to look into ways of helping employers become more flexible appears to have recognised these concerns.

Conclusions

In this research project we set out to examine a set of SMEs in the East Anglian region. We sought to gain a better understanding of how SMEs were responding to the changes in workers' circumstances and policy making. Our research design involved us in locating and interviewing SMEs with flexible as well as those without any flexible working arrangements. Locating organisations without any flexible arrangements posed some difficulties and we revised our views about the nature of flexibility in SMEs as a result. In the end we were able to recruit a spectrum of employers across a range of industries and types of work. We visited these organisations over a period of time, returning to each one on several occasions to interview managers and employees. The longitudinal elements of this project also caused some problems, as organisations' circumstances and, in a few cases, employment practices changed between visits. The report of our findings has documented a few of these changes, but our presentation of the results as a whole tends to hide the dynamic nature of businesses. Attached to this was a series of policy and legislative changes that took place over the life of this project to which our organisations had to respond. These dynamic elements should not be lost sight of even though they are difficult to capture.

Over the set of 23 organisations studied we have identified at least three approaches to providing flexible working arrangements for employees. These range from resistance to provision, through selective provision, to a holistic culture committed to offering flexible working arrangements. In nearly all cases, flexible working arrangements in these SMEs were organised on an informal basis. The extent of employees' awareness and appreciation of their employers' policies tended to vary with the amounts of flexibility on offer across the continuum of provision and approaches. However, a more complicated pattern emerged where some employees with the

least provision were happy with their arrangements because their status allowed them the flexibility they wanted. Their out-of-work commitments may also have been less than some of the employees in other organisations. However, there were employees with a low sense of entitlement who thought that their employers were fair even though their provisions were low.

Employers who adopted a holistic or selective approach to flexibility did allow employees to experience a range of flexibility that encompassed changes in hours of work, reduced hours of work and periods of leave, usually short periods of leave. They were not likely to provide high cost services such as childcare.

The main drivers for provision were found to be:

- personal experiences – at top levels (but not particularly linked to one gender);
- evidence of bottom-line benefits through staff retention and productivity gains;
- face-to-face recommendations through workshops or seminars; and
- employee requests.

Employers who were resistant to offering flexible working arrangements expressed a range of reasons for this that overlapped with those noted in other studies. These reasons covered perceptions of employees, client problems, operational difficulties, the inability to be able to cover for or substitute some employee skills, and management difficulties. An examination of employees' accounts in low-flex organisations and the working arrangements in the set of high-flex employers revealed that many of the difficulties perceived by low-flex organisations in introducing more flexibility were not insurmountable barriers.

Employees expressed different views to those their low-flex employers attributed to them. High-flex organisations had managed to

incorporate elements of flexible working arrangements into similar work and industry settings as those where the low-flex employers suggested it was not possible. Alongside the resistance, in some cases, went poor communications between the employer and employees, assumptions that there needed to be close supervision and control of employees, and resistance to other potentially helpful business tools such as new technology. In some cases, strong views were expressed about the government's failure to understand small business. This SME reaction represented a failure to own the change since it was imposed from on high. In many cases resistance was also linked to pressure of time. Just the sheer pace of keeping up meant that SME employers had little or no slack to think of changes that were not forced on them.

We were interested in whether it is possible in principle to transfer practices, flexible working arrangements in particular, between employers. Our examination of the barriers cited by low-flex employers suggested that it was possible in principle to have transfers both between organisations and within organisations where the practices were not uniform across the organisation. We further identified some particular practices that had scope for facilitating the growth of flexible working arrangements – notably the use of an explicit individual balance sheet; the development of multi-skilled teams; and the use of a points system to accrue entitlements to flexibility.

However, there were more general management and workplace practices that also underpinned the successful implementation of flexible working arrangements in the most outstanding cases. These included:

- flat management structures;
- good employee–employer communications;
- clear reward structures;
- approachability of managers.

These had generated a notable measure of employee–employer trust.

While there was the potential for transfer of practice in principle, other research shows that it is not easily achievable. The things to assist this process that have arisen from our research are learning and sharing networks among SME

employers themselves. Other agencies and government officials may be able to feed in ideas to such networks via other employers but they should not expect to dominate or probably even try to organise them for SMEs. Web-based information services can also be useful.

Various networks and partnerships (SBSs, LBP, LSC, Business Links, EEDA) were found to be fragmented over the life of this project, many not knowing what the other was doing. Also each dealt with different aspects of SMEs and building networks. However, at the time of writing, none of these agencies appeared to have a remit for promoting flexible, work–life balance or family-friendly policies. The lack of awareness in these organisations of each other's concerns is undoubtedly due to recent reorganisation. Certainly better communications between government agencies and SMEs are required.

SMEs have many advantages over large organisations. These were noted some time ago by the Bolton Report (1971) and reaffirmed more recently by other surveys (Bacon et al, 1996; Storey et al, 1997) despite much earlier criticism of the Bolton Report (Rainnie, 1989). In organisations where face-to-face relationships are more central to the operations of the business, a culture of approachability can more easily be created and sustained. In the area of flexibility, SMEs can offer customised solutions to individuals' particular work–life balance needs. However, there are, of course, the resistant employers, as we found among our small sample.

The potential disadvantages of informal flexible working arrangements in SMEs are related to the informal implementation of flexibility. They have the potential for inequity although it is probably no more (or less) than the inequities associated with large corporations' formal policies.

However, there were examples among our case studies where organisations had moved from initially agreeing informal arrangements with individuals to making more explicit the possibility of informal arrangements for a wider group. In one case the group of eligible workers was eventually extended to all employees. This progression has occurred since we carried out our employer interviews and came to light in a subsequent telephone recontact to clarify a matter. The inequity problems between employees that are implied in SMEs' uses of informal arrangements could be reduced by

providing a clearer statement, in advance, of the criteria on which decisions would be made. Here also, there were examples of organisations among our flexible set that had successfully made this step to *explicit informality*.

More regulation would be resisted by all the SMEs we were in contact with. However, it is possible to think of introducing employee entitlements that would be more in tune with the ways SMEs operate and an expression of 'light touch' legislation that the DTI's latest 'Work and Parents Taskforce' is recommending (see DTI press release 28 June 2001 P/2001/338 'Hewitt champions hard-working mums and dads with work and parent taskforce').

One way of promoting flexible working arrangements among employers that has few disadvantages and does not require difficult exclusionary 'harm clauses' is to offer employees an entitlement to present a business case to their employer for the flexible working arrangement they would prefer. The individual balance sheet model of business case decision making would provide a suitable framework for this kind of entitlement. In this way, it could be done with little cost, or be backed up by the employee having already built up credit with the employer. This practice is effectively already being used by employers with a selective approach.

The benefit of basing flexibility around employee requests is that the employee can get customised flexibility. Also, wider research shows that employees appreciate flexible working options where they have been involved in their construction and where they lead to greater employee autonomy. Placing the onus on the employee to ask is consistent with current practice in SMEs; they already have to ask irrespective of whether the organisation offers entitlements or not. It also avoids an inappropriate *one-size-fits-all* approach. If attached to employees being asked to provide the business case for what they are requesting, employees are forced to recognise and address employers' cost implications and this approach avoids the need for the harm test. However, serious consideration needs to be given to assisting employees to draw up such cases, more especially where employees are weaker or more vulnerable.

This approach should lead to a greater partnership and involvement between employer and employee. It can apply to large and small employers alike although it has the added advantage of being a policy recommendation that starts out from an SME perspective³.

In order to build on and not against trust between employer and employee, there may need to be a tenure qualification to this entitlement. Training and advice for employees to be able to present a business case would also need to be addressed; for example, through trades unions, Citizens Advice Bureau or via recruitment agencies, helplines, community resources and websites, for example.

An employee entitlement of this kind could also serve as a way of introducing resistant SMEs to the idea of flexible working arrangements and would not impose undue costs on them while allowing their employees new measures of flexibility. It could also facilitate resistant employers turning into selective employers. However, in the end, resistant, and to a lesser extent selective employers need to embrace culture change. The way selective employers might be helped to move towards holistic employers is through participating in sharing and learning networks. The possibility of employers moving along a continuum from implicit to explicit informality and extending flexible working arrangements to more workers was hinted at in our research and came out almost by accident from an almost chance recontact, as described above. A fuller longitudinal follow-up design would be needed to test out this dynamic aspect of our project covering whether, how and why such moves might occur in a larger sample.

³ We believe Lloyds TSB in 2001 was using a version of this method called Work Options after having had to reject a top-down policy entitlement approach that proved too costly.

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