





The Great Debate: Flexibility vs. Face Time Busting the Myths Behind Flexible Work Arrangements



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## The Great Debate: Flexibility vs. Face Time

Busting the Myths Behind Flexible Work Arrangements

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# Flexible Work Arrangements: the "New Normal" or Does Face Time Still Reign?

In early 2013, Yahoo! ended its telecommuting option for employees, citing the importance of face time to successful collaboration and innovation.<sup>1</sup> One week later, Best Buy followed suit for the same stated reason,<sup>2</sup> terminating its groundbreaking flexible work program Results Only Work Environment (ROWE)—a program that garnered much praise when it was introduced in 2002<sup>3</sup>—which evaluated employees solely on performance rather than number of hours worked and office attendance.<sup>4</sup>

These changes followed on the heels of other companies making cutbacks to flexible work arrangements (FWAs), including Bank of America drastically reducing its My Work program, a flexible scheduling and office-space initiative that let employees work from home or special telecommuting centers with 24-hour access, at the end of 2012. The goal of the My Work program was to help employees find a work environment and schedule that allowed them to work most efficiently.<sup>5</sup> Zappos, an online retailer owned by Amazon, also joined the trend by scaling back its FWA program in 2012.<sup>6</sup>

These dramatic reversals in access to FWAs in favor of increased employee face time are seemingly a step backward in our **increasingly globalized**, **technology-charged world where it is now possible to work from virtually anywhere at any time, day or night**. This is especially true at e-commerce companies, and yet companies

#### FLEXIBLE WORK ARRANGEMENTS DEFINED

Flexible Work Arrangements (FWAs) are work structures that provide flexibility regarding the time and/or place in which work is completed, including, among others, flexible scheduling, work location, or number of hours worked.<sup>7</sup>

The six types of FWAs discussed in this report are:



1. Flexible arrival and departure



2. Flex time (flexibility in when work is conducted across the week)



3. Telecommuting (flexible work location)



6. Job sharing



4. Compressed work week



5. Reduced work/ part time



continue to announce such cutbacks. Yahoo!'s decision drew heated debate from all quarters.<sup>8</sup> Some argued that ending telecommuting was a "bold and wise" business decision,<sup>9</sup> while others declared the ban "bad for business."<sup>10</sup> And proponents of FWAs decried the negative impact Yahoo!'s decision has on people's lives outside work, especially working parents.<sup>11</sup>

While these companies' actions focus on face-time programs, the debate<sup>12</sup> calls into question the fate of *all* FWA options, not just telecommuting. The controversy is underpinned by "common wisdom" regarding FWA programs, with specific respect to who wants them, who uses them, and how important they are to attracting and retaining top talent.

This report:

- Separates myth from fact using data from high-potential employees working around the world.
- Aims to help organizations become employers of choice in attracting and retaining top talent.
- Establishes that FWA programs, contrary to the current buzz, are indeed alive and well, are widespread across all types of organizations, are desired by young and old employees throughout the pipeline, and that lack of access to FWAs has serious consequences for top talent, especially women.

### SERIES FINDINGS AND STUDY SAMPLE

To date, Catalyst's groundbreaking longitudinal research series The Promise of Future Leadership: A Research Program on Highly Talented *Employees in the Pipeline*<sup>13</sup> has established that there is a gender gap in both level and pay among high–potential employees from the first job post-MBA, and this gap grows over time, despite the common wisdom that just "giving it time" will close the gap. A series of potential explanations for the gender gap have been examined in this series, including women's work choices,<sup>14</sup> mentoring<sup>15</sup> and sponsorship,<sup>16</sup> the strategies that high potentials use to manage their careers,<sup>17</sup> and leadership development.<sup>18</sup> The findings show that women are, in fact, doing all the right things to get ahead, but that lack of access to senior-level sponsors and the critical "hot jobs" so essential to advancement are key reasons women are held back.

The findings in this particular report are based on responses to a Catalyst survey conducted in April, 2013 from 726 MBA graduates around the world working full time in both for-profit and nonprofit firms across industries.<sup>19</sup> This group of MBA graduates is used as a proxy for high-potential talent because organizations invest a lot in attracting, developing, retaining, and advancing these potential future leaders. It is critical for organizations to understand this specific group's perspectives on and experiences around FWAs if they hope to attract and retain this top talent and become an employer of choice for high potentials. FWAs are still the exception, not the rule.

▲ MYTHFACT ▶

The majority of high potentials report working for employers who offer some kind of FWAs regardless of whether the work setting is a forprofit or nonprofit firm.

# FWA Programs Have Become the Norm at Most Organizations

Despite all the recent media attention to the contrary, our research shows that the majority of organizations where high potentials in this study work offer FWAs of some kind.

- 81% of respondents reported that their current firm offers FWAs of some kind.
  - Global (82%) and local (79%) companies were equally likely to offer FWAs.<sup>20</sup>
  - There was no difference across the type<sup>21</sup> or size<sup>22</sup> of organizations in percentage offering FWAs.

Only young, entry-level employees working at small, nonprofit firms value FWAs.

High potentials throughout the pipeline working at firms of all sizes value FWAs.

# High Potentials Throughout the Pipeline<sup>23</sup> and Across Organizations<sup>24, 25</sup> Want FWAs

**MYTH** 

FACT

- The mean age of high potentials who reported FWAs were very or extremely *important* to them was 41 years old.<sup>26</sup>
- At every leadership level, at least half of high potentials reported that FWAs were very or extremely important.<sup>27</sup>
- Across almost all firm sizes, more than half of all high potentials reported FWAs were very or extremely important to them.<sup>28</sup>
- And although half of high potentials at for-profit organizations perceived FWAs as very or extremely important, those at nonprofits were more likely to report this, with two-thirds stating that FWAs were very or extremely important.<sup>29</sup>

FWAs are only important to

people with children.



FWAs are important to high potentials both with *and* without children.

## FWA Options Are Not Simply Used to Juggle Work and Family, But Are Important to Those Without Children, Too

- There was no difference in perceived importance of FWA options between people with children living at home and those without children living at home.<sup>30</sup>
- 54% of high potentials with children living at home and 50% of those without children living at home reported that FWAs are very or extremely important.

Women think FWAs are more important than do men and use FWAs to a greater extent.



Women *do* think FWAs are more important than do men, but both women and men report using most FWA options to the same extent throughout their careers, especially those options not impacting face time.

# Women and Men Value FWA Options, but Women More So Than Men<sup>31</sup>

- More than half (52%) of all high potentials reported that they perceive FWAs to be very or extremely important.
  - But women were almost 1.5 times as likely as men to report that FWAs are very or extremely important (women = 67%, men = 46%).
- Among those with partners who work full time,<sup>32</sup> women were significantly more likely to report that FWAs are very or extremely important (women = 70%, men = 52%).

## Women and Men Report Using Most Flex Options to the Same Extent Throughout Their Careers

- There was no difference in the extent to which women and men use FWAs throughout their careers,<sup>33</sup> specifically for the options that do not significantly impact face time, including flex time, flexible arrival and departure, and compressed work weeks.<sup>34</sup>
  - 64% of both women and men reported that they have used flexible arrival and departure *frequently*, very *frequently*, or *always* throughout the course of their careers.
- 32% of women and 30% men have used flex time *frequently*, very *frequently*, or *always* throughout their careers.
- 7% of both women and men reported that they have used a compressed work week frequently, very frequently, or always during their careers.

#### Types of FWA Options Used Most Often<sup>35</sup> in Career

Type of FWA Option	Women	Men	Total
Flexible Arrival and Departure	64%	64%	64%
Telecommuting	39%	29%	32%
Flex Time	32%	30%	31%
Compressed Work Week	7%	7%	7%
Reduced Work/Part Time	5%	2%	3%
Job Share	1%	1%	1%
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## But, Women Use Telecommuting—Working Outside of the Office Where They Don't Have Traditional Face-Time Requirements—to a Greater Extent Than Do Men<sup>36</sup>

- Women (39%) were more likely than men (29%) to report using telecommuting frequently, very frequently, or always over the course of their careers.
- Men were almost twice as likely to report that they have *never* telecommuted over the course of their careers (men = 20%, women = 11%).

Lack of access to FWAs does not negatively impact motivation to succeed. ▲ MYTHFACT ▶

High potentials working where FWA options are available have higher aspirations to achieve a C-Suite job; but when such programs are absent, women downsize their aspirations more than men.

## Career Aspirations Soar Where High Potentials Have Access to FWAs, but Drop Off Among Women Where There's a Lack of Access<sup>37</sup>

- High potentials working at firms that offer FWAs have higher career aspirations<sup>38</sup> on average than those who work at firms without FWAs.<sup>39</sup>
  - 90% of high potentials who had access to FWAs in their workplaces reported aspiring to senior executive/ CEO level vs. 77% who worked at a firm without such programs.
- 94% of men with access to FWAs reported aspiring to senior executive/CEO level vs. 85% of men without access to FWA programs.
- Among women, the impact differential between workplaces with and without FWAs was nearly a **30% drop**.
  - 83% of women with access to FWAs aspired to the C-Suite level vs. just 54% of women without FWA access.

## **CONSIDER THIS: FACE TIME**

The data show that women are more likely to telecommute—a flexible work option that seemingly reduces face time.

- Are the women in your organization who telecommute advancing more slowly as a result?
- Do you have metrics in place to track this?
- Are these women losing out on access to influential networks and senior-level sponsors because they have less face time?
- What can your organization do to increase the visibility of people working remotely so that their careers don't lag as a result of their choice to work flexibly?

## Lack of Access Also Corresponds to Women "Dialing Down" Career Aspirations

- At firms with FWAs, there was no difference between women (33%) and men (27%) in the likelihood of downsizing aspirations.<sup>40</sup>
- But, at firms without access to FWAs, women (57%) were more than twice as likely as men (28%) to downsize their aspirations.<sup>41</sup>
  - Even when considering only women, those working at organizations without access to FWAs (57%) were nearly twice as likely to "dial down" their aspirations than were women working at firms that offered FWAs (32%).<sup>42</sup>
  - This same disadvantage did not seem to plague men. There was no difference in the likelihood that men dialed down their career aspirations due to lack of access to FWAs.<sup>43</sup>

### CONSIDER THIS: THINK OUTSIDE THE BOX REGARDING HOW TO OFFER FLEXIBILITY

The data show that women working at firms without FWAs are more likely to downsize their career aspirations—a finding with potentially severe consequences for women's advancement in the workplace.

- If your firm doesn't offer employees FWAs for fear of reduced innovation and collaboration, are there creative solutions that would allow you to offer some kind of flexibility to reduce this negative impact on women's career aspirations?
- Would co-working spaces, a new wave in virtual work where people work independently but together in shared open office spaces with current technology away from the main office,<sup>44</sup> be an option for your employees?

#### USE OF PART TIME AS A FWA OPTION<sup>45</sup>

In the overall sample, 8% of women and 1% of men reported that they were working part time at the time of the survey in 2013.<sup>46</sup>

Over the course of their careers, 32% of women reported that they had ever worked part time vs. just 13% of men.<sup>47</sup>

This remains true for those who aspire to the top. Among those who aspire to the senior executive/ CEO levels, women were more likely to have used reduced work/part time during their careers than men.<sup>48</sup> In fact, men who aspire to the top (83%) were more likely than women who aspire to the top (61%) to report that they had never used reduced work/part time during their careers. Implications for Organizations: Maximizing the Talent Pool to Become an Employer of Choice for High–Potential Women and Men Throughout the Pipeline

Our research shows that a majority of women and men are currently using some type of FWA option,<sup>49</sup> and experts predict that within the next few years, 1.3 billion people worldwide will be working virtually.<sup>50</sup> For every company that currently does not offer FWAs to its employees, there are four others that do, reflecting this increasing demand for flexibility among high-potential employees.

Availability of FWAs impacts an organization's ability to maximize its talent pool. High potentials, both women and men, working at a firm without FWAs are less likely to aspire to the top. And women currently working at firms without FWAs are more likely to downsize their aspirations, impacting the number of women raising their hands for stretch assignments and promotions. Organizations can use access to FWAs to support the development and advancement of their female talent and leverage the results in recruiting new high–potential women.

As an organization seeking to become an employer of choice for top talent more than a decade into the 21<sup>st</sup> century, put the myths surrounding FWAs to rest, and take heed of the reality: high potentials want and use FWA options, and access to FWAs is critical to attracting and retaining top talent throughout the pipeline.

#### CATALYST'S PERSPECTIVE: THE FALLACY OF FACE TIME

Among some managers, the pressure for face time stems from a feeling that, "If I can't *see* you working, then you're not working." This lack of trust has driven countless employees to go to extremes to create the appearance of face time, even in today's technology-charged workplace that makes it easy to work outside of the office. Stories abound of strategies today's telecommuting employees have adopted to get face time they may have earlier gotten by leaving the office light on and the proverbial coat on the back of the office chair. What are they doing?<sup>51</sup>

- Signing in to instant messaging software early in the morning and staying logged in well into the night.
- Sending email updates regularly to colleagues reporting on the progress they are making.
- Responding immediately to emails throughout the day.
- Sending email and voicemail messages outside of normal work hours.

But despite all of these efforts, the bottom line is that face time doesn't lead to top performance outcomes.<sup>52</sup> Employers and managers need to learn to trust their employees to get the job done and not be so concerned about when and where the work is completed as long as deadlines are met. See Catalyst's *Flex Works*<sup>53</sup> tool for more information about FWAs and how managers and employers can use them most effectively.

## **Appendix: Methodology**

The findings in this report are based on the responses of 844 respondents who answered the Catalyst survey fielded in 2013. In this report, we include all MBA alumni who participated without restriction based on organization type or traditional career paths. For most of the analyses, the sample was narrowed to include just the 726 people who were working full time at the time of the survey. For more information, see The Promise of Future Leadership: A Research Program on Highly Talented Employees in the Pipeline Methodology.

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- 19. The sample included 32% women and 68% men with an overall average age of 40. Participants were more senior on average: 37% senior executive/CEO, 41% middle manager, 14% first-level manager, 7% individual contributor. The majority (66%) were working at a global firm at the time of the survey. When considering employer type, 79% were working for a for-profit corporation or professional services firm at the time of the survey, 10% were working in a non-corporate job such as government, nonprofit, or education, and 11% were self-employed or part of a family-run business. There was an even distribution of participants across employer size: 31% were working at a firm with less than 500 employees, 27% at a firm with 10,000 to 99,999 employees, and 16% at a firm with 100,000 or more employees.
- 20. The proportion of high potentials working at global firms with FWA options available was compared to the proportion of high potentials working at local firms with FWA options available using a chi-square test; comparison is not statistically significant, p>.1.
- The proportions of for-profit (80%), nonprofit/education/ government (81%), and self-employed/family run firms (86%) with FWA options currently available were compared using a chi-square test; comparison is not statistically significant, p>.1.
- 22. The proportions of firms with fewer than 500 employees (80%), 500 to 9,999 employees (81%), 10,000 to 99,999 employees (78%), and 100,000 or more employees (85%) with flexible work options currently available were compared using a chi-square test; comparison is not statistically significant, p>.1.
- 23. The mean score reflecting the perceived importance of FWAs was tested across the four levels of leadership (nonmanagement/individual contributor, first-level manager, middle manager, and senior executive/CEO) with a one-way ANOVA; the comparison is not statistically significant, p>.1.

- 24. The mean FWA importance score was tested across the four categories of size of firm (firms with less than 500 employees, firms with 500 to 9,999 employees, firms with 10,000 to 99,999 employees, and firms with 100,000 or more employees) with a one-way ANOVA; the comparison is not statistically significant, p>.1.
- 25. The mean FWA importance score was tested on the two types of firms (traditional for-profit organization and non-traditional nonprofit organization) with a t-test; the comparison is statistically significant, p<.05.</p>
- 26. Perceived importance of FWAs was measured using a 5-point Likert scale ranging from (1) *not at all* to (5) *extremely*.
- 27. Among survey participants, 53% of senior executive/CEOs, 50% of middle managers, 54% of first–level managers, and 63% of non-management/individual contributors reported flex is very or extremely important.
- 28. Among survey participants, 57% of high potentials at firms with less than 500 employees, 52% at firms with 500 to 9,999 employees, 46% at firms with 10,000 to 99,999 employees, and 56% at firms with 100,000 or more employees reported flex is very or extremely important.
- 29. Among survey participants, 50% of high potentials at traditional for-profit organization, 65% at non-traditional organization (government, nonprofit, education), and 65% of those self-employed or at family-run business reported flex is very or extremely important
- 30. The mean FWA importance score was tested comparing those with children under 18 living at home to those with no children living at home with a t-test; comparison is not statistically significant, p>.1.
- The mean FWA importance score was tested comparing women to men with a t-test; gender difference is statistically significant, p<.05.</li>
- 32. Full time is considered 35 hours per week or more. Those with a spouse/partner who is self-employed are not included in this analysis.
- 33. The extent to which people reported using FWAs throughout their careers was measured using a 6-point Likert scale ranging from (1) *never* to (6) *always*.
- 34. The mean use of non-face time FWAs (flex time, flexible arrival and departure, and compressed work week) throughout their careers was tested comparing women to men using a t-test; gender difference is not statistically significant, p>.1.
- 35. Percentages reflect those people currently working full time who reported that they have used each type of FWA frequently, very frequently, or always throughout their career.
- 36. The mean use of telecommuting during career score was tested comparing women to men using a t-test; gender difference is statistically significant, p<.05.</p>
- 37. Among those currently working at a firm without FWAs, the mean aspirations score was tested comparing women to men with a t-test; gender difference is statistically significant, p<.05.</p>
- Career aspirations were measured using a 5-point Likert scale: (1) CEO, Firm Managing Partner, Business Owner

(most senior executive in firm), (2) Senior executive management, (3) Middle management, (4) First-level management, and (5) Non-management/Individual Contributor (including entry level).

- 39. The mean aspirations score was tested comparing those working at a firm that currently offers FWAs to those without flex options using a t-test; comparison is statistically significant, p<.05.</p>
- 40. Among those currently working at a firm with FWA options available, the proportions of men and women who reported that they had downsized their aspirations were compared in a chi-square test; gender difference is not statistically significant, p>.1.
- 41. Among those currently working at a firm without FWA options available, the proportions of men and women who reported that they had downsized their aspirations were compared in a chi-square test; gender difference is statistically significant, p<.05.</p>
- 42. The proportion of women working at a firm *without* FWA options who had downsized their aspirations were compared to the proportion of women working at a firm *with* FWA options who had downsized their aspirations in a chi-square test; comparison is statistically significant, p<.05.
- 43. The proportion of men working at a firm without FWA options who had downsized their aspirations were compared to the proportion of men working at a firm with FWA options who had downsized their aspirations in a chi-square test; comparison is not statistically significant, without FWAs=28%, with FWAs=27%, p>.1.
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- 45. Entire sample of 844 participants is included in these analyses, not just those currently working full time, as the data is focused on use of part time throughout careers.
- 46. Gender difference is statistically significant as tested with chi-square, p<.05.
- 47. The proportion of women who reported that they had ever worked part time was compared to the proportion of men who had ever worked part time over their careers using a chi-square test; gender difference is statistically significant, p<.05.
- 48. Among those who aspire to the senior executive/CEO level, the mean use of reduced work/part time over career score was tested comparing women to men with a t-test; gender difference is statistically significant, p<.05.</p>
- 49. Of all high potentials in the sample, 98% reported using at least one type of FWA in their current job (flex time, compressed work week, flexible arrival and departure, telecommuting, reduced work/part time, and job sharing).
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