

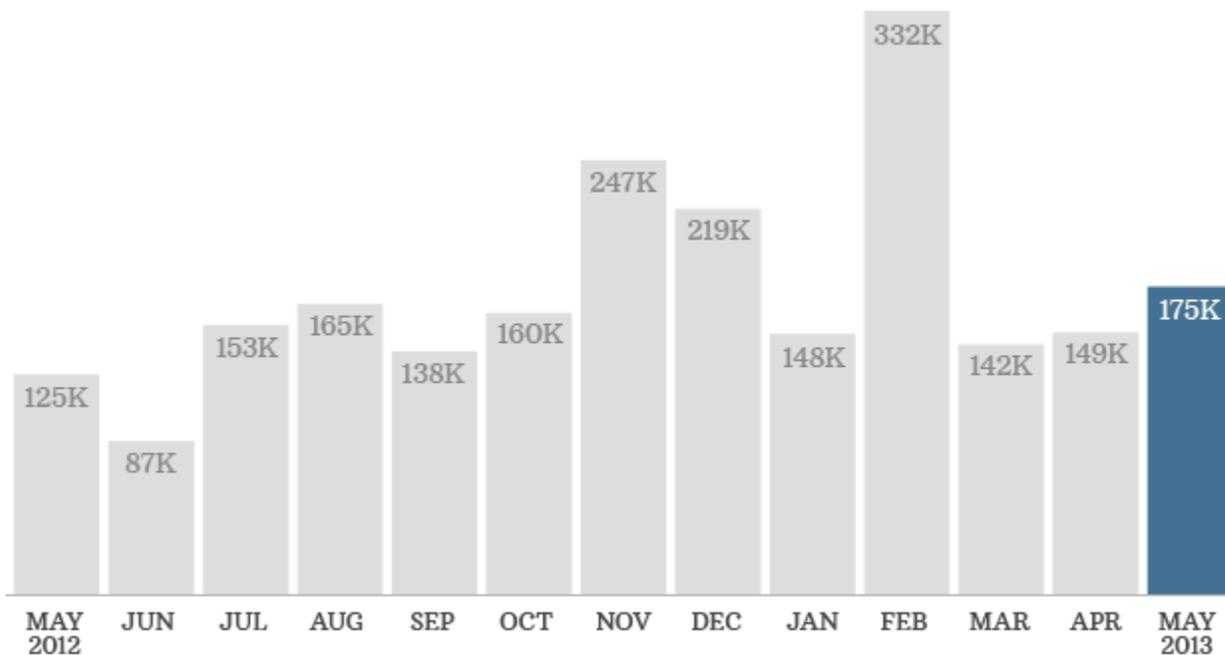
## FlexBulletin #80: How Well Does Flex Recruit and Retain?

July 1, 2013

**Past does not always serve as prologue** You may have missed the Bulletin in the last period. I have been traveling intensely, meeting with business leaders and flexible work advocates to probe three questions: Are labor markets tightening? Do leaders assume that flexibility will once again help recruit and retain? Will their current flex approach stem turnover and attract the truly talented?

The summary of these conversations is: 1) Yes, labor markets are tightening. 2) Hopefully flex will recruit & retain, as it seems to have done before. 3) But existing flex systems probably need upgrading to do so well. In this **Bulletin**, we challenge a bedrock assumption of flexibility practitioners: **flex satisfies, recruits and retains**. Satisfaction, yes. But recruitment and retention may be more assumption than fact.

You can hear more on this issue on my [TLNT webinar](#) on July 11. And the next several **Bulletins** will explore how flexibility offerings can be upgraded to better recruit and retain.



\*NUMBERS ARE SEASONALLY ADJUSTED; SOURCE: BUREAU OF LABOR STATISTICS

The U.S. economy added 175,000 jobs in May, in line with average job growth over the prior 12 months – CNN Money

### Lower unemployment breeds turnover – and the search for solutions

Charts rarely lie. The uneven but relentless march of this bar chart shows the economy's emergence from the worst recession – and persistently high unemployment levels – since the Great Depression. In my consulting work over the last two decades, the unemployment rate's trajectory has been a great barometer of how seriously companies focus on workplace flexibility.

Over the last two decades, employee demand for all forms of flexibility has climbed steadily year in and year out. Supply has not kept pace. In this recession we have seen companies' staff time, attention and budget shift away from a focus on voluntary flexibility. But change is in the air. Turnover, tighter labor markets, unfilled positions are coming back. These

conditions argue for a renewed emphasis on flexibility of a kind that makes the retention effect truly “sticky” and the attraction impact more like a “tractor beam.”

A recent study captures the turning of labor markets:

1. **“Half of Companies Report Higher Turnover Than Last Year”** John Hollon’s excellent [piece](#) in a recent *TLNT* covered an OI Partners survey of 153 companies. The result:

*“51 percent of those surveyed report having higher employee turnover in 2013 compared to only 30 percent that had higher turnover in 2012.”*

2. **Higher turnover is feeding fear of even greater turnover** John goes on to say:

*“As you can imagine, this higher turnover is also fueling concerns about losing still more workers due to the better job market, and those concerns are running high across all organizational levels as well:*

- **High-potentials:** 78 percent of organizations are concerned about losing high-potential workers;
- **Middle managers:** 63 percent are worried about middle managers departing;
- **Front-line workers:** 51 percent are concerned about losing employees on the front lines;
- **Senior executives:** 43 percent are worried about senior-level executives leaving”

As recovery continues and talent grows as a priority, the “flex-as-recruiter-and-retainer” mantra resumes.

### **But Is Flex a Powerful Part of the Toolkit, or More Hope than Promise?**

In the distant days before the Great Recession, a simple piece of conventional wisdom prevailed: Flexible Work Arrangements were highly valued by employees. Their wider use could give companies a “recruiting and retention” edge. If that was true then, the thinking goes, it must be even truer now.

I am a longtime architect, advocate and analyst of flexible ways of working. I strongly believe that they can satisfy employees and benefit businesses, and make a workplace more attractive. But to reliably keep and attract talent, they need to be carefully and purposefully designed and consistently implemented. Unfortunately, that is rarely the case.

Casual programs with limited support are far more common – and far from effective. In the face of growing turnover and labor scarcity I would encourage employers to take a hard look at their flexibility practices and seriously retool them before they start banking on the hope of reduced turnover and turbocharged recruiting.

### **Yes, Retention is Flexibility’s Sweet Spot – But How Sweet?**

From the publication of the seminal *Creating a Flexible Workplace* in 1989 to a featured flex article in last month’s Workforce.com [<http://www.workforce.com/article/20130529/NEWS02/130529978/reflecting-re-flexing#>], the recruitment and retention power of flexibility has been assumed and trumpeted literally tens of thousands of times. There is some truth and data embedded in these claims. But how much?

There are two basic claims for the retention power of flexibility:

1. Satisfying schedules meet pressing personal and family needs
2. Once on flex, it is risky to leave in search of a similar schedule elsewhere

### **Flexible schedules retain people because they want and need them**

This is true – as far as it goes. But flexibility is usually random. The option employees want may not be available; their manager can say no for any reason; whole groups of people can be denied participation.

Further, much flexibility allowed is far from flexible. People would prefer the fluid flexibility that allows them to mesh varying personal requirements with demanding and unpredictable workflows. Instead, many employers offer *rigid* rather than *flexible* arrangements.

They withhold compressed schedules, limit telework to one day a week, find job sharing too challenging and confine flextime to narrow bands. Such random and rigid flexibility is more likely to be somewhat satisfying than truly satisfying for most employees. Retention power? Maybe.

### **Flexible schedules are “sticky” because employees can’t easily find them elsewhere**

If employees are pleased with their arrangements, they can contribute to retention – especially if it would be hard to secure them in a new job. But this depends on three big “ifs”:

- *If* you have an arrangement you value and think you can keep
- *If* other employers don’t offer similar options

- *If your option is rare enough to prove truly “sticky”*

As more and more employers offer flexible schedules – especially flextime and telework – on a similar programmatic basis, the stickiness fades. Job sharing, promotion-friendly part-time and compressed schedules for managers are far stickier than modest work from home – and much rarer. As telework sprouts everywhere, it is less likely to keep people anywhere.

**Flexibility can attract talent, but such claims are frequently overblown**

Flexible schedules, like compensation and benefits, are essential elements when a recruit considers an offer. But can flex really stack up in a package? All three are valued, but only two are clear and concrete. One the one hand are a starting salary, incentives, 401 K match – all kicking in on Day One. Along with these come health insurance, dental, vision care and more – also immediately available.

But what is the typical recruiting offer for a prospect who values flexibility? It might be:

- We have flexible schedules, but we can't negotiate them as part of this offer
- You should be eligible to apply after 3/6/12 months of service
- Your manager will offer options from our menu and decide on your proposal
- Any arrangement may be terminated if you are promoted or transferred

A climate which includes even this constrained flexibility would be more appealing than one that didn't, just as the existence of flawed arrangements improves the odds of retention. But companies threatened by pent-up and actual turnover and preparing for the next round of talent wars should not confuse seeming tools for actual magnets for the best and the brightest.

We need more than run-of-the-mill flexibility to counter the effects of a once-in-a-lifetime recession and recovery. In the next issues we will explore what that more robust approach might require.

***We welcome your comments on this Bulletin.***

***When you write, please email me at:***  
[paulrupertdc@cs.com](mailto:paulrupertdc@cs.com)

**Register for our July 9 [TLNT webinar](#) and join the discussion:**  
*“Will Flexibility ‘Recruit and Retain’? It All Depends.”*

Best regards,  
Paul Rupert

Rupert & Company  
Chevy Chase, MD  
301-873-8489  
[paulrupertdc@cs.com](mailto:paulrupertdc@cs.com)

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