

## Chapter 5.2

# Exploring the Link between Flexible Work and Organizational Performance

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### INTRODUCTION

The expansion of flexible work experienced since the 1980s in developed economies is consistent with a more generic trend towards organizational flexibility, which many authors see as essential in order to compete in the dynamic global environment (Volberda, 1998). From this point of view, the changing demands of the environment have forced organizations to seek the ability to adapt rapidly and effectively as a means to be successful or even to survive.

In the quest for flexibility, every area of the organization has been scrutinized in order to render it as “agile” as possible. In the human resources arena, this analysis has led to the definition of diverse “flexible working practices” (FWP) that describe a wide range of employment practices, which differ from the traditional full-time job with a fixed salary and a permanent contract. These practices have been described using other terms, such as “alternative” (Polivka, 1996; Powell & Mainiero, 1999), “non-standard” (Kalleberg, 2000), or “atypical” (De Grip, Hoevenberg, & Willems, 1997), which coincide in denoting their

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divergence from the most traditional forms of employment.

This article will show that quite different practices have been embraced by the common term “flexible working practices.” Subsequently, the results of empirical research regarding the implications for organizational performance of a number of flexible practices will be commented on.

## **BACKGROUND**

From the employer’s point of view, flexibility may involve the efficient adaptation of the available human resources and the changes in work organization needed to meet variations in demand and product diversification (Albizu, 1997). In order to address the challenges posed by flexible work, researchers and managers need to understand the diversity concealed under this common term.

Descriptions of FWP (Atkinson, 1984; Pfeffer & Baron, 1988; Treu, 1992) have differentiated four forms of flexibility, depending on which facet of work is expected to become flexible:

- The rewards that are paid to workers: pay, reward, or financial flexibility.
- The place in which the work is carried out: geographical or locational flexibility.
- The competences of workers: functional flexibility.
- The number of workers or of work hours: numerical flexibility.

Each of these employment practices can have a variety of consequences for organizations, as will be commented on in the following sections. Given that financial flexibility has been extensively treated in the human resource management literature (there even are a number of international, specialized journals devoted to personnel compensation), this article will focus on the other three types of flexible practices.

## **Locational Flexibility**

Locational flexibility implies that the physical place from which workers carry out their activity can be varied. This allows work to be done from home, on the move between two locations, at another office (owned by the same firm, or at a client’s or supplier’s), and so on. Location-independent working also means that a group of employees does not need to coincide in the same place to carry out a joint project. The quick development of information and communication technologies (ICT) has to a large extent favored the expansion of locational flexibility practices, such as telework, home working, or virtual teamwork (Steijn, 2004).

## **Functional Flexibility**

Functional flexibility is the ability of firms to vary the type of labor they use without resorting to the external labor market, and “is accomplished primarily by having a labor force that is able to carry out a wide range of tasks—that is, the ability to move workers from one task to another” (Michie & Sheehan, 2005.). It is intended to develop a workforce that may deal effectively with exceptional situations which require creativity and initiative (Huang & Cullen, 2001). This may be facilitated by ICT. As Paauwe, Farndale, and Williams (2005) point out, “e-HRM can be applied to help people be constantly ready for change, encouraging online training and learning activities,” as well as through the creation of discussion groups and communities of practices.

## **Numerical Flexibility**

Numerical flexibility is the ability of a firm to vary the number or the distribution of working hours in a given period of time. This ability can be reached through changes in the amount of hours worked by the firm’s employees, without resorting to the external labor market (this kind

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