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The incidence and impact of flexible working arrangements in smaller businesses
Gill Maxwell Laura Rankine Sheena Bell Anna MacVicar

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The incidence and impact of flexible working arrangements in smaller businesses

Gill Maxwell and Laura Rankine
Glasgow Caledonian University, Glasgow, UK

Sheena Bell
School of Business and Management, University of Glasgow, Glasgow, UK, and

Anna MacVicar
Phoenix University, Indianapolis, Indiana, USA

Abstract

Purpose – The aim of this article is to investigate the incidence and impact of FWAs in smaller businesses in Scotland, as an integral part of a recent European Social Fund project. From theoretical perspectives it discusses the influences on, and impacts of, flexible working arrangements. The focus is then placed on the smaller business sector as regards its distinctive features and flexible working arrangements.

Design/methodology/approach – The papers presents the findings from empirical work comprising a large-scale survey of, and series of interviews with, owner-managers of smaller businesses in Scotland.

Findings – Part-time work, time off in lieu, staggered working hours and shift swapping are the main types of flexible work in smaller businesses. In many incidences flexible working arrangements are requested by employees, operated informally, and centred on the business needs. There is significant scope for greater uptake of flexible working arrangements in smaller businesses, especially in services sector businesses. Positive impacts of flexible work arrangements in recruitment and retention, enhanced employee relations, commitment and loyalty are found, together with disadvantages of operational problems and administrative burdens. It is proposed that the gap between the potential for, and current practice in, flexible working arrangements may be narrowed by targeting information and guidance on such arrangements specifically to the owner-managers of smaller businesses.

Originality/value – The literature on flexible working mainly concentrates on large organisations. With the growing economic importance and distinguishing features of the smaller business sector in the UK, there is a need to focus as much on this sector as large organisations.

Keywords Flexible working hours, Small enterprises, Employers, Family friendly organisations, Scotland

Paper type General review

Introduction

Flexible working is defined as “any policies and practices, formal or informal, which permit people to vary when and where work is carried out.” Flexible working

The authors would like to thank Professor M. McDougall for her role in the project.
arrangements (FWAs) do not necessitate, but may involve, a reduction in working hours, so a further dimension of work variety is the amount of work. Types of flexible working practices are numerous: part-time work, job sharing, flexitime, working from home, time off in lieu, teleworking, term-time working, staggered, annualised or compressed hours, shift swapping, self-rostering, breaks from work, and flexible and cafeteria benefits are all FWAs which may support WLB. “Finding the right [work-life] balance is important to all workers” (Vincola, 1999, p. 13), women and men alike as Frame and Hartog (2003) stress.

The growing use of flexibility in the workplace is linked to the relatively recent emergence of work-life balance (Maxwell, 2005) and family friendly employment policies to support it (see www.flexibility.co.uk/flexwork/technology/anywhere2.htm, accessed 29 October 2004).

The range of flexible work that support WLB can be seen in Glynn et al.’s (2002, p. 9) recent scoping of contemporary WLB. WLB includes:

- how long people work (flexibility in the number of hours worked);
- when people work (flexibility in the arrangement of hours);
- where people work (flexibility in the place of work);
- developing people through training so that they can manage the balance better;
- providing back-up support; and
- breaks from work.

Dex and McCulloch (1997) testify to changing forms of FWAs in the UK. Despite there being evidence of changing forms, the organisational motives for operationalising FWAs is less obvious. However, the motives for the operation of FWAs as, for example, labour cost reduction strategies or enablers of WLB – or both – is beyond the main focus of this article, in its concentration on the incidence and impact of FWAs in smaller businesses.

Much of the literature on FWAs concentrates on large organisations (Persaud, 2000; IFF Research, 2005); comparatively little is known about FWAs in smaller businesses. With the growing economic importance of the smaller business sector (Cromie et al., 1999), deepening understanding of FWAs here becomes important. The aim of this article is to investigate the incidence and impact of FWAs in smaller businesses in Scotland, as an integral part of a recent European Social Fund project. The literature review discusses influences on, and impacts of, FWAs. The smaller business sector if also discussed from theoretical perspectives in terms of its nature and management, and FWAs. On this foundation, the empirical work comprises an investigation of the incidence and impact of FWAs in smaller businesses in Scotland.

Influences on flexible working arrangements

Government support of flexible working arrangements
Lending active support to the development of flexible working in the UK is the Labour government who expressly included the topic of WLB in the political manifesto that returned them to office in 1997. Though WLB is trumpeted by the government, Roper et al.’s (2003) survey of 2,000 human resource practitioners’ opinions on the ethics of the government’s approach to WLB indicates some opposition to the government’s contention of success. Furthermore, the Equal Opportunities Commission (2004)
highlights that FWAs are not yet widespread: 27 per cent of women and 18 per cent of men working in the UK currently have some type of FWAs, most commonly (excluding part-time work) flexitime, annualised hours and term-time working (see www.dti.gov.uk/work-lifebalance (accessed 26 February 2003)). Moreover, there is evidence that these arrangements are likely to be in place in particular in large, public and service sector organisations, together with organisations with recognised unions (Mayne et al., 1996; Persaud, 2001; Dex and Smith, 2002) and, especially in the former sector, they are likely to be introduced in a strategic way (Maxwell and McDougall, 2005). Also, it has been established that there are differential levels of uptake of FWAs across different industrial sectors (Hyman and Summers, 2004). However, according to Hyman and Summers (2004), the government believes it has been successful in its business case approach to supporting the development of WLB in FWAs. A measure of government success can arguably be witnessed in the passing of legislation which supports the WLB agenda.

Though “lightly regulated” in nature (Hyman and Summers, 2004, p. 418), legislation is important to reinforce the government’s rhetoric on WLB by focusing on flexible working provisions for parents because “the most consistent family characteristic predicting imbalance is being a parent” (Tausig and Fenwick, 2001, p. 101). However, the increasing volume of legislation orientated to individuals’ work rights can impede the running of businesses, especially small businesses (Bridge, 2004), due to the demands it makes on resources.

The role of managers

It is recognised that the attitude of the organisational head is significant in influencing company practice (Powell and Mainiero, 1999). More specifically, managers are evidently instrumental in effecting FWAs in organisations. Ingram and Simmons (1995) conclude that the higher the number of women managers, the greater the level of responsiveness to pressures for employer involvement in FWAs. Nevertheless, it has been argued that just as managers can facilitate FWAs, so too can they impede it (Yeandle et al., 2003). Watkins (1995) sets out defensive reasoning patterns that managers may use to resist the operationalising of flexible working. He also highlights the significance of managers in creating an organisational culture that supports flexible working in practical terms. Tombari and Spinks (1999) and Kropf (1999) too underline the importance of supportive organisational cultures. Narrowing in on this point, Shabi (2002) highlights the need for leadership by example in managers creating a work culture where managers and employees can openly discuss WLB. Discussion becomes important as WLB is “complex and difficult to tackle from an organisation’s perspective because it is different for every individual” (Pollach, 2003, p. 58). Line manager knowledge and training on statutory and company requirements and policies on flexible working are also important, if “often wanting” as found in Bond and Wise’s (2003a, p. 58) case study analysis of how line manager involvement in family leave policies in the Scottish financial sector. A further finding is very limited contact between line managers and human resource professionals. Hyman and Summer’s (2004, p. 418) research underlines this point in its finding that “largely untrained line managers [have] discretion over policy application” on WLB arrangements. Another key finding from a Bond and Wise study (2003b) is that organisational resources affect
experiences of formal WLB policies in that business requirements may conflict with WLB policies.

Overall, managers can be seen to have an important role in implementing FWAs (Maxwell, 2005; Maxwell and McDougall, 2005), although they themselves often work long hours (Williamson, 2003). Worrall and Cooper (1999) have identified a number of problems associated with managers’ own ineffective WLB practices in their tendency to work long, never mind flexible, hours. A recent study conducted by the CIPD (2003) also highlights the tendency of managers to work more than 48 hours per week, with negative effects. In the smaller business sector in particular, managers – especially owner-managers – often work long hours in the smaller business sector (Barrow et al., 2005). The negative effects can include health problems, decreasing morale, self-recognition of their decreased productivity and relationship strain (CIPD, 2003). In addition, long hours have been found to be a “constant source of job to home spill-over” (White et al. 2003, p. 175). The general disadvantages – and advantages – associated with FWAs are discussed next as the impact of FWAs.

The impact of flexible working arrangements
Hogarth et al. (2001) suggest that everyone associated with FWAs that support WLB has something to gain. The findings from their study “suggest that much can be learnt from those employers who have been able to implement work-life balance policies and practices and who have obtained business benefits from having done so” (Hogarth et al., 2001, p. 373). Stakeholders range from individuals with family or carer responsibilities, those associated with them in work or at home, organisations and, ultimately, society in general. More specifically, a host of potential organisational benefits are associated with WLB facilitated by FWAs. The Chartered Institute of Personnel and Development (2000) cites benefits in improved recruitment, retention, productivity, motivation and employee commitment. Easier service delivery (Hogarth et al., 2001) and enhanced quality service, all-important in competitive market places, are advantages that have also been linked to WLB. A number of case study examinations of WLB in practice (e.g. Hogarth et al., 2001; Kodz et al., 2002) add further weight to the possibilities of organisational benefits of FWAs. Such benefits essentially stem from enhanced employee capability (Tombari and Spinks, 1999) resulting from individuals achieving a WLB that suits them. Thomas (2000) stresses the point that WLB arrangements – including FWAs – have to be carefully planned for mutual employee and employer benefit.

Much of the literature on WLB can be seen to extol the business benefits that arise from FWAs in large organisations which are more likely than smaller businesses to have the resources to develop the practices (Bardoel et al., 1999). Kodz et al. (2002) stretch this position to signal the costs of large public and private organisations not implementing WLB. Other studies too have raised problems such as stress management due to work-life imbalance (Hospn et al., 2001; Johansson, 2002).

However, some disadvantages are evidently related to FWAs. Smith and Wedderburn (1998) for example highlight several potentially negative factors linked to compressed working weeks with extended shift periods: fatigue errors; problems with communication, continuity and isolation at work; and the impact of employees failing to cope with the working hours system. Dex (2003), in the context of smaller businesses, highlights that the combination of minimised staffing levels and lean
production lines can be problematic, particularly with regard to sickness and holidays. For Parasuraman and Simmers (2001, p. 551), a central issue is the effects of business ownership on WLB. Their finding is that business ownership is not “a panacea for balancing work and family role responsibilities” due to the inherent responsibility. However, it is worth noting that Dex and Scheibl (2001, p. 30) stress that the disadvantages of WLB do not have a “sizeable” impact on business performance.

Therefore, it can be seen that FWAs constitute a topical employment issue. What is also apparent is that the thrust of the literature on the subject places FWAs in smaller businesses in the margins. This raises questions about the FWAs in smaller businesses as regards their incidence, and indeed very nature, and their impact. Although some elements of FWAs in this sector can be distilled from and grafted onto the general literature, reviewing literature which focuses on smaller businesses in particular may be instructive. The next section considers literature on smaller businesses in terms of their nature and management, and FWAs, in turn.

**The nature and management of smaller businesses**

Smaller businesses “increasingly ... have an important role in the European economy ... where both national and local economies are largely constituted of smaller businesses” (Cassell et al., 2002, p. 671). Smaller businesses are commonly defined as those employing fewer than 250 people. According to the UK Department of Trade and Industry and Commission of European Communities (2001), this sector can be more closely specified as comprising micro businesses (those employing less than ten people), small businesses (employing ten to 49 employees) and medium businesses (with 50 to 249 employees). Together these businesses comprise the micro, small and medium enterprise (MSME) – smaller business – sector. In the UK small and medium-sized enterprises are responsible for 65 per cent of employment and 57 per cent of gross domestic product (Madsing, 1997 cited in Tonge, 2001). The Scottish Executive (2003) reports there are some 91,810 businesses in the MSME sector in Scotland, across the span of standard industrial classifications, excluding public and voluntary sector organisations due to their non-commercial focus. Micro businesses comprise 81 per cent of this sector, with small- and medium-sized businesses, respectively, accounting for 15 per cent and 4 per cent (Scottish Executive, 2003). Consequently, it can be seen that the MSME sector is highly significant in economic terms. Cromie et al. (1999) link this economic importance to the recent growth in interest in the sector in the UK.

In addition to size, MSMEs can be differentiated by their business strategies and approach to human resource management. Smallbone et al. (1995) reach the conclusion that active strategies are needed to achieve long-term growth in this sector. Their view is corroborated by O’Reagan and Ghabadian (2002) whose study suggests that smaller businesses that have formal strategy planning encounter fewer barriers in strategy implementation than those that do not. Where business strategy is supported by, even dependent on, employees as a form of competitive positioning (O’Gorman, 2001), active and formal strategic planning could extend to human resource strategies. However, a further distinction of MSMEs is an approach to management in general that is “essentially informal, reactive and short-term in outlook” (Hill and Stewart, 2000, p. 114). Wilkinson (1999) makes the point that MSMEs are usually characterised by a management approach that is more personalised and less formalised than that in large
organisations. And Reid et al. (2002), in relation to family firms, discuss the inward nature of the MSME perspective. Moreover, as Kinnie et al. (1999, p. 218) articulate: “their [MSME] lack of resources of time, money and people is thought to inhibit the use of sophisticated management strategies, the appointment of HR specialists, the development of unionism and hence collective bargaining.” And, where MSME businesses have human resource managers, they are excluded from strategic decision-making (Reid et al., 2002).

Certainly there are intimations of inhibited development in terms of human resource policies in smaller businesses (Lange et al., 2000). It is reported that there are likely to be very informal approaches to human resource management in businesses with less that 100 employees (Gray and Mabey, 2005), reflecting an altogether more informal management approach as recorded above. In particular, micro businesses are likely to have a high degree of informality (Kotey and Slade, 2005). Here, “the close relationship between employer and employee replaces formal controls and reduces the need for detailed documentation” (Kotey and Slade, 2005, p. 21). The extent of formality in human resource management practices is not only a function of size but also of the personal influence of one to two key individuals, usually the owner-manager, as Brand and Bax (2002) posit. However, as articulated by Ogden and Maxwell (forthcoming) from Kotey and Slade (2005) caution, “small businesses and owner-managers need to be aware [of] the need to balance formal and informal practices in order to ensure statutory requirements are met . . . while maintaining business flexibility.”

Cassell et al. (2002) too attest to the apparent under-development of human resource practices in smaller businesses. They also note the brace of commentators who lament the neglect of investigation of human resource practices in this sector, while Wyer and Mason (1998) signal the need for greater understanding of people management in small businesses. In the same vein, Brand and Bax (2002) assert that there is very limited attention afforded to specific human resource issues concerning small firms, while Reid and Adams (2001, p. 310) acknowledge that “little is known about human resource practices” in smaller businesses. Marlow and Patton’s (2002) call for more research into employee management in smaller firms is therefore unsurprising, especially given the economic significance of MSMEs as outlined above. Reinforcing the need for more research into employee management issues such as FWAs within MSMEs is the assertion that strategic human resource management in smaller businesses in industrialised high growth countries is becoming more important (Brand and Bax, 2002).

Flexible working arrangements in micro, small- and medium-sized enterprises

Underlining the relevance of flexible working in MSMEs is the view of Hughes (1989), cited in Reid and Adams (2001), that small businesses employ a disproportionate number of young people as they are more likely to recruit young people, who, according to Shabi (2002), are especially interested in achieving WLB. Whilst the likelihood is that “smaller organisations have quite different approaches to flexibility” (Mayne et al., 1996, p. 9), empirical studies of their flexible working practices are scant as flagged up earlier. The recent primary work of Dex of the Judge Institute of Management, Cambridge University in the UK is exceptionally instructive in its
One of these pieces of work draws from case study work with ten small- and medium-sized businesses and four larger organisations (Dex and Scheibl, 2001). Its findings indicate that small businesses appear to approach human resource management and FWAs in ways that are different from larger organisations. In contrast to the momentum of the literature on human resource management in smaller businesses as delineated above, Dex and Scheibl (2001, p. 428) find evidence that “small businesses are being innovative in human resource management”. However, at the same time they find that the SMEs they researched were more cautious than the large organisations in the development of family-friendly policies which were often linked to business needs. A focus on business needs is also raised by McDonald et al. (2005) who note, in discussing family business practice, that employees may be required to take up flexible working more because it suits the business than it suits them. Dex and Scheibl (2001) also discover that organisational culture is more important to the development of flexible working policies than the creation of family-friendly policies. This possibly reflects the general under-development of human resource management in smaller businesses that was noted earlier (Lange et al., 2000; Cassell et al., 2002) and so may signal some contradiction in the findings.

Another of these pieces of work is based on a survey of 23 small- and medium-sized enterprises with less than 500 employees throughout Britain (Dex and Scheibl, 2002). Principal among the findings is that MSME employers have some opposition to WLB on the grounds of its potentially negative business effects and lack of time to alter working arrangements (Dex and Scheibl, 2002). However, the findings also show that FWAs are indeed practised, albeit informally. This finding strongly suggests that the surveyed employers see a business necessity for WLB. These rather contrasting findings point both to the under-development of human resource practices in MSMEs (Cassell et al., 2002) – arguably connected to lack of knowledge about statutory and company policy, if it exists, as noted earlier (Bond and Wise, 2003a) – and the growing importance of WLB in smaller businesses (Brand and Bax, 2002) as recorded above. A further finding, which may explain the bridge between employer resistance yet acquiescence to WLB is that employees evidently want FWAs. Though these two studies are informative, they are more on a modest than comprehensive scale. This further reinforces the need for more empirical research on FWAs in MSMEs with fewer than 250 employees.

The comprehensive primary work incorporated in this paper addresses three fundamental but key questions, namely:

1. What types of FWAs are currently operated in smaller businesses?
2. What is the scope of these FWAs?
3. What are the effects of these FWAs?

Thus, the primary work centres on the incidence (types and scope) and impact (effects) of FWAs in smaller business.

**Methodology**

The specific objective of the primary work is to investigate the incidence and impact of FWAs in MSMEs in Scotland from the perspective of owner-managers who are central
to the implementation of such practices as discussed earlier (Ingram and Simmons, 1995; Powell and Mainiero, 1999; Brand and Bax, 2002; Maxwell, 2005). This objective is an integral part of a two-year, European Social Fund project on WLB carried out by the authors. To achieve the objective, dual methods of data capture were used. A comprehensive survey of 2,560 MSMEs and series of in-depth interviews with owner-managers generated quantitative and qualitative data respectively. The questionnaire data brings scope to the primary research while the qualitative data affords depth (Sarantakos, 1998). The questions for both methods were informed by the literature review in order to encapsulate experiences of and views on WLB and FWAs which collectively allow insight into the contemporary incidence and impact of FWAs in MSMEs.

The survey sample was designed to reflect gross national product (GNP) contributions by industrial sector. The Scottish Economic Statistics Report (Scottish Executive, 2003) was used to determine the types of business included in the survey. By the UK standard industry classifications, only mining and quarrying, financial intermediation and education businesses were excluded as each contributes only 1 per cent to GNP. The survey sample was also designed to reflect proportionately the make-up of businesses of different sizes in the MSME sector in Scotland as specified earlier. The sample size was determined in an attempt to yield a 95 per cent certainty level with a response rate of 30 per cent. Using the Financial Accounting Made Easy (FAME) directory and Thompson Business Directory as databases and a web site randomiser (www.randomizer.org) for stratified random sampling selection of limited and unlimited businesses, 1,280 questionnaires were originally posted out to smaller business owner-managers. With reminder letters and a second round of questionnaires sent to another 1,280 businesses using the same sample frame criteria, a usable response rate of 10 per cent was ultimately achieved – 210 questionnaires – from a broad range of businesses (see Table I). A total of two-thirds of these (67 per cent) came from five types of services businesses according to the Standard Industrial Classifications (SIC).

The questionnaire data was managed by using the Statistical Package for Social Sciences (SPSS). Because of variations in the numbers of staff employed in the micro and small businesses, these categories are combined in the presentation of the results. Micro and small businesses comprise 87 per cent of the overall responses, while medium businesses comprise 13 per cent. In the services business respondents that comprise 67 per cent of the total, 82 per cent (116) were returned by micro/small sized business and 18 per cent (25) by medium-sized businesses. The Mann-Witney test was used to test the significance in opinions across the full set of micro/small- and medium-sized businesses ($p \leq 0.05$ = significant; $p \leq 0.01$ = highly significant). No response bias was identified via telephone interviews with a random selection of non-respondents. Though the usable response rate of the survey is relatively modest, its sampling ensures rigour.

The interviews followed a semi-structured, open question format. The subjects were 18 owner-managers (with differing job titles) of MSMEs throughout Scotland in a range of businesses, including those in the SIC services, namely: construction; engineering; energy; high technology; forestry; tourism and leisure; finance; clothing and textile; food and drink service; design; scientific research; retailing; legal services; office supplies; and manufacturing. The businesses were purposively selected by the

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### Table I.
Number of returned questionnaires by SIC (92) codes

<table>
<thead>
<tr>
<th>SIC (92) Section</th>
<th>SIC (92) description</th>
<th>Total number of returned questionnaires</th>
<th>SIC (92) description used within the Scottish Economic Statistics Report 2003</th>
<th>Total number of returned questionnaires</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Agriculture, hunting and forestry</td>
<td>7</td>
<td>Agriculture, forestry and fishing</td>
<td>9</td>
</tr>
<tr>
<td>B</td>
<td>Fishing</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Manufacturing</td>
<td>37</td>
<td>Manufacturing</td>
<td>37</td>
</tr>
<tr>
<td>E</td>
<td>Electricity, gas and water supply</td>
<td>1</td>
<td>Electricity, gas and water supply</td>
<td>1</td>
</tr>
<tr>
<td>F</td>
<td>Construction</td>
<td>22</td>
<td>Construction</td>
<td>22</td>
</tr>
<tr>
<td>G</td>
<td>Wholesale and retail trade; repair of motor vehicles and personal and household goods</td>
<td>78</td>
<td>Services (G – N inclusive)</td>
<td>141</td>
</tr>
<tr>
<td>H</td>
<td>Hotels and restaurants</td>
<td>39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>Transport, storage and communication</td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>Real estate, renting and business activities</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>Health and social work</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total number of questionnaires returned</td>
<td>210</td>
<td></td>
<td>210</td>
</tr>
</tbody>
</table>

**Notes:** SIC (92) Sections that were omitted: C = Mining and quarrying (less than 1 per cent GDP); J = Financial intermediation (less than 1 per cent GDP); L = Public administration and defence, compulsory social security (public sector); and M = Education (less than 1 per cent GDP)
criterion of having active FWAs in order to add to insights of FWAs in practice, reflecting the approach adopted by Dex and Scheibl (2001) in their case investigation of FWAs in SMEs. The rich data generated was reduced by identification of recurring or dominant themes. It is acknowledged that these businesses may have human resource strategies that are not typical of the MSME sector (Lange et al., 2000; Cassell et al., 2002). However, using interviews to complement the survey adds not only depth but texture to the more inanimate quantitative findings particularly as regards the impact of FWAs.

The comprehensive research design yields primary data that constitutes an important insight into the incidence and impact of FWAs in MSME businesses in Scotland. The survey information provides representativeness while the interview quotations, attributed by business type, provide amplification and illustration. The primary data presented below addresses the research questions on the incidence, then impact, of FWAs.

Empirical findings
Profile of respondent businesses
The findings are framed by the profile of the respondent businesses. Most of these businesses (55 per cent) were established in the period 1984–1999. Most (79 per cent) have stable or increasing customer numbers. Nearly all (99 per cent) are open five to seven days a week and the majority (76 per cent) are open for 30-60 hours a week. (Only 3 per cent are open for fewer than 30 hours a week.) With such established businesses and hours of business operation there is potential for FWAs being in place. Further, they are possibly enabled by knowledge of employees’ dependent and caring responsibilities which 78 per cent of respondents report. In the respondent businesses, employment procedures may be formal (in 35 per cent of respondent businesses), informal (20 per cent) or a mix of the two (43 per cent). Notably, more medium that micro small-sized businesses have formal procedures and micro/small businesses are five times more likely than medium businesses to have informal employment procedures (Gray and Mabey, 2005; Kotey and Slade, 2005).

Incidence of flexible working practices
Table II details the incidence of different types of FWAs in the respondent businesses. Several findings here point to FWAs being a marginal practice apart from part-time work which is the only practice in the majority (73 per cent) of respondent businesses. The next most frequently occurring practices, but only in 41 per cent and 34 per cent respectively among respondents, are time off in lieu and staggered hours. A fifth of respondents have shift swapping arrangements. With the exceptions of job sharing in medium businesses and flexitime in micro and small businesses, the other types of FWAs are only in place in under a fifth of respondent businesses. In nine of the FWAs the medium sized businesses have higher incidences of FWAs, possibly reflecting greater resources to plan and implement FWAs. That time off in lieu is one of the most widespread FWAs suggests a reactive and short-term approach to WLB, as opposed to a strategic focus. This is in keeping with Hill and Stewart (2000) and Reid et al.’s (2002) findings concerning, respectively, short term and introspective approaches to management in smaller businesses. This assertion is supported by the finding that the FWAs which arguably require more strategic planning such as term-time working,
<table>
<thead>
<tr>
<th>Flexible working practice</th>
<th>No. of micro and small businesses (n = 146)</th>
<th>Percentage</th>
<th>No. of medium businesses (n = 23)</th>
<th>Percentage</th>
<th>Total percentage (n = 169)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part-time</td>
<td>108</td>
<td>74</td>
<td>16</td>
<td>70</td>
<td>73</td>
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<tr>
<td>Time off in lieu</td>
<td>59</td>
<td>40</td>
<td>11</td>
<td>48</td>
<td>41</td>
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<tr>
<td>Staggered hours</td>
<td>51</td>
<td>35</td>
<td>6</td>
<td>26</td>
<td>34</td>
</tr>
<tr>
<td>Shift swapping</td>
<td>27</td>
<td>18</td>
<td>6</td>
<td>26</td>
<td>20</td>
</tr>
<tr>
<td>Flexible and cafeteria benefits</td>
<td>20</td>
<td>14</td>
<td>3</td>
<td>13</td>
<td>14</td>
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<td>Self-rostering</td>
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<td>16</td>
<td>0</td>
<td>–</td>
<td>14</td>
</tr>
<tr>
<td>Flexitime</td>
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<td>21</td>
<td>1</td>
<td>4</td>
<td>12</td>
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<tr>
<td>Working from home</td>
<td>17</td>
<td>12</td>
<td>3</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Job share</td>
<td>12</td>
<td>8</td>
<td>5</td>
<td>22</td>
<td>10</td>
</tr>
<tr>
<td>Compressed hours</td>
<td>7</td>
<td>5</td>
<td>4</td>
<td>16</td>
<td>7</td>
</tr>
<tr>
<td>Term-time working</td>
<td>10</td>
<td>7</td>
<td>2</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Teleworking</td>
<td>10</td>
<td>7</td>
<td>1</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Voluntarily reduced hours</td>
<td>7</td>
<td>5</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Breaks from work</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Annualised hours</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>9</td>
<td>2</td>
</tr>
</tbody>
</table>

**Note:** Respondent businesses may operate more than one type of FWP; this question did not have a full response rate. Percentages are rounded.
compressed hours and annualised hours, are practised by a very small minority of respondents, suggesting a lack of strategic human resource focus (Reid et al., 2002) and informality in employment practices (Gray and Mabey, 2005). The findings that job share and compressed working hours have a notably higher incidence in medium businesses may reflect Kotey and Slade’s (2005) point on the particular informality of working practices in very small businesses, together with Gray and Mabey’s (2005) assertion that formality increases with size. The informality of very small businesses may similarly be mirrored in the self-rostering that occurs in 16 per cent of the respondent micro and small businesses, yet in none of the respondent medium businesses.

Given these findings, it is unsurprising that the profile of the most common FWAs in the smaller businesses differs, apart from flexitime, from the EOC’s (2004) profile. It seems smaller businesses do indeed practise flexible working in ways that are different from other businesses (Mayne et al., 1996; Dex and Scheibl, 2001; Hyman and Summers, 2004). The SIC services respondents reflect the overall survey findings in part-time, time off in lieu, staggered hours and shift swapping being the most common FWAs, as can be seen in Table III. As in the general findings, self-rostering features in the micro and small respondent businesses, but is absent in the respondent medium sized businesses. Again, this may be due to more formality being introduced as businesses grow in size (Gray and Mabey, 2005). It is notable that the range of FWAs in the services business respondents is narrower than in the overall findings.

It can be seen, therefore, that the current incidence of FWAs is characterised more by potential than practice in MSMEs in Scotland. From the comments added at the end of the questionnaire, a key reason for this may be owner-managers’ beliefs that FWAs are either precluded or made difficult by operational business requirements mirroring a finding of Bond and Wise (2003b). A third of all the questionnaire comments made reference to business restraining flexible work in this way, speaking to the importance of this issue for the respondents and nodding to McDonald et al.’s (2005) point on the business focus in employment matters.

Moreover, further development of FWAs seems unlikely when 82 per cent of respondents note they do not have any plans to introduce more forms of FWP. However, some 70 per cent of the respondents are generally supportive of their employees working flexibly and 40 per cent have received requests from employees to change their working hours. These findings infer that owner-managers are more likely to be reactive to employee requests for FWAs than proactively develop them as a human resource strategy (Lange et al., 2000; Cassell et al., 2002; Maxwell and McDougall, 2005). They also correspond to Dex and Scheibl’s (2002) finding that employees seek FWAs. The owner-manager interviews support the inference that FWAs tend to be employee instigated. In the office supply business as an example, the managing director explained “everyone [in the business] has a right to ask for changes in their work patterns and as a company we do all we can to accommodate”. And in the legal services business the manager partner offered, as a second illustration, that the flexitime system in operation was derived from the support staff through their annual meeting. This latter example is notable, first, because it represents an innovative working system among legal services businesses, according to the managing partner and two other employees, and, second, because the system is formalised and
## Table III. Incidence of flexible working practices in services businesses

<table>
<thead>
<tr>
<th>Flexible working practice</th>
<th>No. of micro and small businesses (n = 82)</th>
<th>Percentage</th>
<th>No. of medium businesses (n = 11)</th>
<th>Percentage</th>
<th>Total percentage (n = 93)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part-time</td>
<td>69</td>
<td>84</td>
<td>8</td>
<td>73</td>
<td>83</td>
</tr>
<tr>
<td>Time off in lieu</td>
<td>22</td>
<td>27</td>
<td>5</td>
<td>46</td>
<td>29</td>
</tr>
<tr>
<td>Shift swapping</td>
<td>23</td>
<td>28</td>
<td>4</td>
<td>36</td>
<td>29</td>
</tr>
<tr>
<td>Staggered hours</td>
<td>20</td>
<td>24</td>
<td>3</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td>Self-rostering</td>
<td>18</td>
<td>22</td>
<td>–</td>
<td>–</td>
<td>19</td>
</tr>
<tr>
<td>Term-time working</td>
<td>9</td>
<td>11</td>
<td>2</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td>Job share</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>18</td>
<td>5</td>
</tr>
<tr>
<td>Flexible and cafeteria</td>
<td>3</td>
<td>4</td>
<td>–</td>
<td>–</td>
<td>4</td>
</tr>
<tr>
<td>benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flexitime</td>
<td>3</td>
<td>4</td>
<td>–</td>
<td>–</td>
<td>3</td>
</tr>
<tr>
<td>Teleworking</td>
<td>3</td>
<td>4</td>
<td>–</td>
<td>–</td>
<td>3</td>
</tr>
<tr>
<td>Working from home</td>
<td>2</td>
<td>2</td>
<td>–</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>V time working</td>
<td>2</td>
<td>2</td>
<td>–</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td>Annualised hours</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Breaks from work</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

**Note:** Respondent businesses may operate more than one type of FWP; this question did not have a full response rate. Percentages are rounded.
monitored. Respectively, these points of note support Dex and Scheibl’s (2002) finding on innovation in flexibility in smaller businesses, and refute Gray and Mabey’s (2005) assertion of informal management approaches in smaller businesses, though this case is the exception rather than the rule.

In the businesses where the owner-managers were interviewed, female and male employees have requested flexible working, underlining Frame and Hartog’s (2003) emphasis on including men and women in WLB. It seems owner-managers are apparently keen to support employees’ requests for flexible working where they can (Hogarth et al., 2001). Pragmatism appears to underpin this support. As the director of the food and drink business put it for example: “It is better to have a good employee for 20 hours, as opposed to having a bad employee for 48 hours”. In the construction business, as another illustration, the managing partner reported that: “two full-time architects requested part-time work – one to train as a sculptor and one to become a freelance artist – and we agreed to both”. Notably, most of the businesses covered by interview have several types of FWAs in operation, which reflect the pattern of those in the survey. This implies that the gap between not having any FWA and one FWA is greater than that between having one and any more. The leisure business interviewee captures this point in the assertion that businesses need to take “a leap of faith” in implementing FWAs to start. This same interviewee adds that FWAs bring substantial benefits with minimal problems. The benefits/problems ratio is discussed in the next section.

**Impact of flexible working arrangements**

The impact of FWAs spans benefits and disadvantages. The questionnaire findings indicate that owner-managers are of the general opinion that there are clear organisational benefits associated with FWAs, as Table IV shows. Indeed, the figures suggest that more owner-managers believe in the advantages, than offer the practices, of FWAs. Again, this raises the possibility that the explanation may lie in their reactive, short-term approach to management (Hill and Stewart, 2000). The main benefits are seen to lie in staff retention, employee relations, recruitment and motivation. That proportionately more medium businesses assert the benefits arguably extends from their greater involvement in FWAs as pointed out earlier.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Percentage of micro and small businesses agreeing/strongly agreeing (n = 183)</th>
<th>Percentage of medium businesses agreeing/strongly agreeing (n = 27)</th>
<th>Total percentage (n = 210)</th>
<th>Total percentage (n = 141)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff retention</td>
<td>77 (n = 183) and 79 (n = 116)</td>
<td>89 (n = 27) and 87 (n = 25)</td>
<td>78 (n = 210)</td>
<td>80 (n = 141)</td>
</tr>
<tr>
<td>Staff recruitment</td>
<td>74 (n = 183) and 77 (n = 116)</td>
<td>82 (n = 27) and 84 (n = 25)</td>
<td>75 (n = 210)</td>
<td>78 (n = 141)</td>
</tr>
<tr>
<td>Employee relations</td>
<td>70 (n = 183) and 75 (n = 116)</td>
<td>85 (n = 27) and 85 (n = 25)</td>
<td>72 (n = 210)</td>
<td>77 (n = 141)</td>
</tr>
<tr>
<td>Employee motivation</td>
<td>62 (n = 183) and 69 (n = 116)</td>
<td>74 (n = 27) and 76 (n = 25)</td>
<td>64 (n = 210)</td>
<td>70 (n = 141)</td>
</tr>
<tr>
<td>Employee commitment</td>
<td>59 (n = 183) and 60 (n = 116)</td>
<td>67 (n = 27) and 65 (n = 25)</td>
<td>60 (n = 210)</td>
<td>61 (n = 141)</td>
</tr>
<tr>
<td>Employee loyalty</td>
<td>60 (n = 183) and 58 (n = 116)</td>
<td>63 (n = 27) and 67 (n = 25)</td>
<td>60 (n = 210)</td>
<td>60 (n = 141)</td>
</tr>
<tr>
<td>Less employee stress</td>
<td>56 (n = 183) and 58 (n = 116)</td>
<td>73 (n = 27) and 70 (n = 25)</td>
<td>58 (n = 210)</td>
<td>60 (n = 141)</td>
</tr>
<tr>
<td>Employee attendance</td>
<td>48 (n = 183) and 49 (n = 116)</td>
<td>63 (n = 27) and 62 (n = 25)</td>
<td>50 (n = 210)</td>
<td>52 (n = 141)</td>
</tr>
<tr>
<td>Customer service</td>
<td>37 (n = 183) and 39 (n = 116)</td>
<td>44 (n = 27) and 45 (n = 25)</td>
<td>38 (n = 210)</td>
<td>40 (n = 141)</td>
</tr>
</tbody>
</table>

Table IV. Benefits of flexible working arrangements (all businesses then services businesses by column)
These findings mirror the theoretical perspectives of the benefits (CIPD, 2000; Dex and Smith, 2002; Hogarth et al., 2001; Tombari and Spinks, 1999). They also resonate with the interview findings. Most interviewees were readily able to articulate the business benefits associated with WLB through FWAs. The benefits frequently highlighted are: enhanced productivity, commitment and motivation (CIPD, 2000); improved organisational culture (Kropf, 1999); enhanced service delivery (Hogarth et al., 2001) and, in addition, reduced stress for those accessing FWAs (Hospn et al., 2001; Johansson, 2002). Where there are well established FWAs in the businesses covered by interview, the owner-managers tended to be very positive about the business effects of these practices. In the legal services business, the managing partner reported that their flexitime system for support staff is virtually unnoticeable, so smoothly does the firm run with it, for example. In the office supply business, flexitime and staggered working hours mean “staff are happier, enjoy work and want to come to work holding a healthier mind set” according to the managing director, while in the printing business the effects of their continental, staggered, rotational and variable shift patterns are summed up as follows: “we have to make it possible for people to give 120 per cent and we get it [due to flexible working].”

In addition, the business need focus of FWAs in smaller business (McDonald et al., 2005) was raised by a number of informants. For in affording employees some flexibility, the managers in the businesses are able to negotiate flexibility that suits the business needs, echoing Thomas’ (2000) point on mutuality. For example, in the food and drink business when fish supplies are delivered late, staff can go home on the understanding they would work more hours the next day to catch up when the supplies had been delivered. Another form of reciprocity is evident in the views of the forestry interviewee on the effects of having FWAs: “It takes lots of effort to manage time to try and be accommodating but the benefit in having happy employees is that they are more productive.” Mirroring this employee-employer reciprocity also is the high technology owner-manager’s opinion that “if the company gives you something you are expected to give something back” and the manufacturing informant’s opinion that “when we require something extra, people are more willing [to give it].”

Therefore, it is apparent that there is a range of advantages, tangible and intangible, associated with FWAs. However, these have to be set aside any disadvantages. As the literature is generally less forthcoming on the problems associated with FWA, the questionnaire data may cast some interesting light onto this area. Table V presents a summary of respondents’ opinions on the disadvantages of FWAs.

The first notable point here is that on the whole the respondents are more positive about the benefits of FWAs than they are negative about the disadvantages. This implies that FWAs are seen to be more advantageous than disadvantageous. The second point of note is that once more the opinions of the owner-managers of medium-sized businesses are more marked than their counterparts in micro and small businesses. Again, this may be rooted in their greater resources hence experience of FWAs. Third, and more specifically, the majority of respondents opine that administrative burdens, and operational problems are the most significant disadvantages. For most medium-sized businesses, not only these disadvantages but also time consumption, management problems and employee abuse are problematic. Indeed, it is in opinions on the disadvantages associated with FWAs, across the five-point Likert scale, that the only significant differences between the opinions of the
### Table V. Disadvantages of Flexible Working Arrangements (all businesses then services businesses by column)

<table>
<thead>
<tr>
<th>Disadvantages</th>
<th>Percentage of micro and small businesses agreeing/strongly agreeing</th>
<th>Percentage of medium businesses agreeing/strongly agreeing</th>
<th>Total percentage</th>
<th>Total percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$(n = 183)$</td>
<td>$(n = 27)$</td>
<td>$(n = 210)$</td>
<td>$(n = 141)$</td>
</tr>
<tr>
<td>Admin. burdens</td>
<td>54</td>
<td>74</td>
<td>56</td>
<td>57</td>
</tr>
<tr>
<td>Operational problems</td>
<td>51</td>
<td>78</td>
<td>54</td>
<td>59</td>
</tr>
<tr>
<td>Time consumption</td>
<td>43</td>
<td>62</td>
<td>45</td>
<td>46</td>
</tr>
<tr>
<td>Management problems</td>
<td>41</td>
<td>70</td>
<td>45</td>
<td>49</td>
</tr>
<tr>
<td>Employee abuse</td>
<td>42</td>
<td>59</td>
<td>44</td>
<td>45</td>
</tr>
<tr>
<td>Costs</td>
<td>31</td>
<td>19</td>
<td>29</td>
<td>31</td>
</tr>
<tr>
<td>Health and safety compromises</td>
<td>12</td>
<td>23</td>
<td>13</td>
<td>21</td>
</tr>
</tbody>
</table>
The constituent groups of micro/small- and medium-sized businesses are found in the study, as can be seen in Table VI. Across management problems, administrative burdens and operational problems the differences in opinions are highly significant.

The issue of employee abuse specifically is picked up by questionnaire respondents, one of whom, for example, added a forthright comment to the completed questionnaire that:

A significant proportion of staff interpret flexible working patterns as carte blanche to come and go as they please. It would be far simpler from a management point-of-view to be completely inflexible.

As to the interview findings, nine respondents stress there are negligible drawbacks. Conversely, several others raise employee availability for the operational and customer facing needs of the business as a potential drawback if FWAs are not managed effectively. Also emphasised, by the engineering, construction, and design owner-managers, is the possibility of employee abuse of flexible arrangements. The first of these expresses it thus: “flexible working is workable, but you must have strong trust and respect from all parties involved.”

The interviews also exposed a couple of other issues owner-managers may have with FWAs. Two points were raised frequently with regard to WLB and government initiatives and legislation. The first of these centres on MSME businesses, with typically limited resources, having to bear any additional costs associated with further development in FWAs connected to WLB. For instance the forestry business interviewee opines “the more things are piled on top of employers, the more difficult it is to stay in business”. Underlining this position is the comment from another owner-manager:

Overall, I am in favour within certain limits of being able to do what we can [with FWAs]. But I always have to consider what we are here to do – serve the customers. Company objectives, customer service, and profitability need to be achieved and then we can look at WLB.

In different ways most interviewees raised the necessity of FWAs being consonant with, but secondary to, their main business goals as indicated by Bridge (2004). Core business goals, according to the respondents, centre on achieving business objectives, maintaining customer service, profitability and efforts to maintain job security. There should not be external pressure to develop FWAs as, in the words of the high technology business respondent, “we [small businesses] have concern about going overboard in addressing WLB issues because this will make UK companies unprofitable.”

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Business size</th>
<th>Mean rank</th>
<th>Sum of ranks</th>
<th>U-value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management problems</td>
<td>Micro/small</td>
<td>100.73</td>
<td>16,721.00</td>
<td>1,622</td>
<td>0.009</td>
</tr>
<tr>
<td>Admin. burdens</td>
<td>Medium</td>
<td>4.07</td>
<td>2,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational problems</td>
<td>Micro/small</td>
<td>101.55</td>
<td>16,958.50</td>
<td>1,578.5</td>
<td>0.008</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>72.46</td>
<td>1,956.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Micro/small</td>
<td>102.91</td>
<td>17,391.50</td>
<td>1,536.5</td>
<td>0.004</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>70.91</td>
<td>1,914.50</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table VI. Difference in opinions on FWA disadvantages

Notes: $p \leq 0.05 = $significant; $p \leq 0.01 = $highly significant
The second point builds on business costs and focus but centres on perceptions of government interference in the running of the businesses (Bridge, 2004). Some managers-owners have strong feelings on this, as reflected in the comments of the construction manager:

WLB developments [so FWAs] mean more demands on employers – and more costs making us less competitive. Our primary aim is to run a business, keeping jobs secure. I am happy to operate any flexible working I can informally, but I don't like being told how to. I also resent the government implication that we can afford this type of thing.

Therefore, for some interviewees, unless informally actioned, WLB initiatives and development of FWAs are seen as a government imposition on employers that detracts from the effective operation of their core business, as signalled by Kinnie et al. (1999).

**Analysis and conclusions**
The primary work covered in this article both reinforces several aspects of FWAs raised in pervious studies and extends understanding of FWAs in smaller businesses. Mayne et al.’s (1996) and Dex and Scheibl’s (2001) contention that there are approaches to flexibility in smaller organisations that differ from those in large organisations is supported. Whereas large organisations are likely to introduce FWAs in a strategic way, as reported by Maxwell and McDougall (2005), smaller businesses involved in the authors’ study exhibit very limited evidence of strategic approaches to FWAs and, indeed, strategic intent. This has resonance with Hill and Stewart (2000) point about short-termism in smaller businesses, together with Reid et al.’s (2002) view that smaller businesses tend to have introspective approaches to management. It also resonates with the accounts of Lange et al. (2000), and Cassell et al. (2002) about the under-development of human resource management in smaller businesses. According to Kinnie et al. (1999) the absence of strategic approaches to FWAs may be attributable to the lack of resources, which is a feature of the smaller business sector. Arguably, the lack of active strategies may be damaging to smaller businesses as there is evidence that long-term growth and successful strategy implementation characterise growth in the smaller business sector (Smallbone et al., 1995; O’Reagan and Ghobadian, 2002).

Another key – and related – finding that emerges about management approaches in smaller businesses from the authors’ primary work centres on informality. This chimes with Wilkinson’s (1999) observation that management in this sector is characterised by a less formalised approach compared to large organisations. Gray and Mabey’s (2005) slightly more concentrated finding on there being a high degree of informality in approaches to human resource management in smaller businesses is underscored also by the primary findings presented above. So too is Kotey and Slade’s (2005) point about the especially high degree of informality in micro-sized small businesses. Such informality is likely to be due a combination of the manager-employee proximity in smaller businesses and, again, lack of resources (Bardoel et al., 1999; Kinnie et al., 1999). The former can be argued to present an opportunity in terms of devising FWAs that are directly address the needs of employees; the latter suggests there may be a challenge in framing these FWAs in a formal way.

Yet another key finding that corroborates existing theory concerns the central role of owner-managers (or equivalent) in FWAs. Evidence found of the personal influence
of owner-managers in approving FWAs (Brand and Bax, 2002), and in implementing them (Maxwell, 2005). Overall, owner-managers seem to be supportive of employee requests for FWAs though not supportive of them in large numbers. There are apparently strong feelings – even held by owner-managers who are generally supportive of FWAs – that business imperatives can preclude or inhibit FWAs. This raises the business focus, indeed imperative, that is found to be the central preoccupation of owner-managers in supporting FWAs (Dex and Scheibl, 2001; McDonald et al., 2005). Lastly, Hyman and Summers’ (2004) finding that there are differential levels of FWAs uptake in different industrial sectors is also lent some support in the results of the primary work analysed here in that the incidence and scope of FWAs in services businesses is evidently less than across all businesses.

To recap, this study finds that although there is evidence of FWAs in practice the incidence is generally modest beyond part-time working, time off in lieu, and staggered working hours. However, where businesses do have flexible working, they often have a number of forms of flexible work patterns in place, reflecting some innovation in human resource management (Dex and Scheibl, 2001) compared to the general pattern in smaller businesses.

In terms of the impact of FWAs, most respondents signal that they believe such arrangements may bring improvements in recruitment and retention, together with enhanced employee relations, commitment and loyalty (CIPD, 2000), even if the respondents have not introduced FWAs in their businesses. Disadvantages are noted as well but only two, namely operational problems – alluded to by Dex (2003) – and administrative burdens, are reported by just over half of the respondents, and these are more acutely felt by medium sized businesses with experience of FWAs. At the same time, the owner-managers with experience of operating some form of FWAs are generally positive about the business impacts (Hogarth et al., 2001; Kodz et al., 2002).

To conclude, there is evidently a significant gap between the potential for and current practice in FWAs in smaller businesses. While owner-managers are generally supportive of having FWAs in their businesses, most have not yet moved to implement them. In particular, services businesses operate a narrow range of FWAs. The operational and business imperatives of smaller businesses, in conjunction with lack of resources, seem to act to preclude proactive consideration of FWAs. By targeting information and guidance on the implementation and monitoring of FWAs specifically for the owner-managers of smaller businesses, this position may be alleviated.

The study presented in this article infers that micro and small businesses especially need such data due to their relative lack of resources for, and experience of, FWAs. However, it is suggested this material is presented sensitively to avoid owner-managers perceiving FWAs as an external and costly imposition that detracts them from their business focus. A framework of good practice and implementation tool, developed by the researchers as an outcome of this study, may provide a sound basis for supporting the proactive development of FWAs in smaller businesses. Further, a longitudinal study of smaller businesses implementing new FWAs in a proactive and strategic way would allow more insight into the issues associated with FWAs in smaller businesses. Other possible research directions include: the motives for the operation of FWAs, for example, labour cost reduction strategies or enablers of WLB; FWAs in particular types of smaller businesses; and FWAs in particular sizes of smaller businesses.
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Further reading


About the authors

Gill Maxwell is a Senior Lecturer at Glasgow Caledonian University Business School, UK, researches strategic HRM issues and developments. Her current interests encompass HRM and business performance (e.g. line managers in HRM; flexible working and work-life balance) and equality at work (e.g. gender balance in management; managing diversity). Recent journal publications are in *Employee Relations*, the *International Journal of Human Resource Management*, the *International Journal of Diversity*, and the *Journal of Retailing and Consumer Services*. Gillian Maxwell is the corresponding author and can be contacted at: G.Maxwell@gcal.ac.uk

Laura Rankine has a BA honours in psychology and human resource management and an MSc in occupational psychology. Laura was employed as Research Fellow at Glasgow Caledonian University, and has worked on three European Social Funded projects, all of which have explored the concept of work-life balance and flexible working from different individual and group perspectives. She has an active interest in the SME sector. Laura has previously worked as an HR consultant and is now currently employed as an HR Business Partner for be Cogent, one of Scotland’s leading outsourcing contact centres.

Sheena Bell teaches in the School of Business and Management, University of Glasgow, Scotland. She teaches organisational behaviour, human resource management and human
resource development at graduate (MBA, MSc) and undergraduate (MA Honours) levels. Her research interests are in human resource development, learning, work-life balance and entrepreneurship. In addition, she is a management development consultant, with experience across private and public sectors.

Anna MacVicar is currently working as on-line faculty at Phoenix University and as a destination services consultant with the Indianapolis International Center. Prior to these recent appointments she was a lecturer in human resource management in the Division of HRMD at Caledonian Business School. Workplace flexibility is the main theme of her journal articles and book chapters with work-life balance being her principal research interest.

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