Managers: A Key Ingredient to Alternative Work Arrangements Program Success

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This study views the adoption of Alternative Work Arrangement (AWA) programs from the perspective of the managers in a major information-intensive corporation. It explores the impact of organization, organizational fit, and individual variables on the likelihood of adopting AWA programs. Only employee approval and the suitability of the programs consistently correlated significantly to the likelihood of their adoption. Managers who had lower performance, as measured by budget performance and the results of employee satisfaction surveys, tended to view the adoption of part-time and job-sharing programs as more likely. The results suggest the importance of managerial support and training in the success of AWA programs.

“The only constant in life is change!” “Nothing stays the same except change!” Nowhere are these two old maxims more evident than in today’s evolving business environment. Increased competition, rapidly changing technology, flatter organizations, the need for improved productivity and shareholder value are forcing a reexamination of the psychological contract between employee and employer. No longer are companies paternalistic relative to lifelong employment and benefits. The employment contract is evolving to greater employee empowerment and participation in a variety of benefit decisions. This shift towards individual responsibility is certainly very evident in such programs as flexible cafeteria-style benefit programs and alternative work arrangement programs that provide an optimal fit with the lifestyle and family needs of individual employees (Lederer, 1991).

Alternative Work Arrangement (AWA) programs are increasingly joining the corporate arsenal of strategies to attract and retain highly skilled workers. AWA programs ranging from job-sharing, part-time and compressed work-weeks to flextime and telecommuting are growing dramatically. For example, over the last two years the number of telecommuters has swelled by 15% to encompass 11.1 million workers and a recent poll estimates that the percentage of companies using telecommuting has grown from 27% in 1995 to 42% this year (Girard, 1997). Similarly, the total number of part-time workers in the United States significantly increased from 20,868,000 in 1993 to 23,288,000 in 1995 (Vickery-Moore, 1995). In a Hewitt Associates study of 1,013 major U.S. employers, 66% offered flexible scheduling options in 1994 (Solomon, 1996).

The benefits attributed to AWA programs are legion. For example, through its use of AWA programs, Aetna Life Insurance Co. determined it saved $2 million annually in decreased turnover realized from fewer women leaving the company after childbirth. Helene Curtis reports its flextime program saved $360,000 in reduced turnover in 1992. And, a voluntary program of compressed work schedules, partially paid sabbaticals and job sharing options embraced by nearly

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all employees of Charles Schwab and Company, New York saved the company and estimated $3.5 million in the period following the stock market crash (Lipton, 1996). A recent USA Today Snapshot reported that the average cost of sick leave in 1997 is $572 per employee with 26% of sickness days associated with family issues and 22% associated with personal needs (USA Today, 1997). Presumably some of the loss of productivity could be averted through the use of AWA programs.

The Human Resources Vice President at Bankers’ reports that “...telecommuting and other flexible work arrangements give them an edge in hiring because the programs help the company to stand out as innovative and entrepreneurial. Companies with telecommuting programs have also reported a substantial rise in the quality and quantity of work done by telecommuters (Tucker, 1993, p. 145).” Another article indicates that “Companies that have tried telecommuting report productivity boosts of 10 percent to 50 percent (Barlow, 1994, p. 1).”

Conversely, the need for juggling jobs and personal lives is well-documented in recent articles in the popular press. Pepsi-Cola North America CEO Brenda Barnes resigned to focus on her family. In the same news report, Stephanie Armour (1997, p. 7b) reports that “A 1997 survey of about 1,000 employees at Baxter Healthcare found that 49% of men and 39% of women sought another job because of work and life conflicts.” Furthermore, she reports that “In a 1997 survey of 519 companies by Watson Wyatt Worldwide, a human resources consulting firm in Bethesda, MD, 51% of companies allowed working from home, and 50% supported job sharing.”

While the benefits and causes of various AWA programs are frequently discussed, relatively little research has been conducted about the factors that favor one over another (Pfeffer and Baron, 1988). One exception is a study by Frone and Yardley (1996) which found that the age of the youngest child at home and gender affected AWA programs differentially. Another critical factor in their success appears to be management support.

A recent ComputerWorld poll found that forty percent of managers found telecommuters to be less accessible than their on-site peers. They believe it will be difficult to measure employee performance when they can’t see their employees (Girard, 1997). This survey mirrors other studies indicating that supervisors and managers often offer the most resistance to telecommuting because of fears of lack of control and power loss (Belanger & Collins, 1996; Cambridge Publishing, Inc, 1995; Jones, 1996; Ramsower, 1985). In her early telecommuting study, Olson (1983, p. 185) concluded that “If the requirements for management of the remote work made a manager feel uncomfortable for any reason, it was generally acknowledged that remote work would not be successful.” Management support may also be a factor in the other alternative work programs as well. For example, managers are considered to be the biggest stumbling block in job sharing because they resist reassessing work, rescheduling meetings, and reassigning work. They are also concerned about control and communications (Solomon, 1994).

The purpose of this paper is to explore the adoption of AWA programs from the manager’s perspective. We focus on reasons affecting managers’ attitudes about adopting AWA programs, including their past performance ratings. This study explores differences in attitudes across levels of management in a large information intensive company and links these attitudes about adoption to objective performance measures.

Adopting Alternative Work Arrangement Programs

Few researchers have developed AWA models and tested hypotheses derived from these models. One exception in the area of distributed work arrangements is the model developed by Venkatesh and Vitalari (1992). They hypothesize that organizational and work factors (portability of work, working hours at the office, reduction of interruptions, commuting frequency, ability to work at one’s own pace, control over one’s work, increased productivity, ability to maintain contact with superior, and satisfaction with working at home), information technology factors (having a computer at home, having telecommunication links with the office), household demographics (household income, residence income), individual user demographics (education) would all be positively related to supplemental work behaviors performed at home. On the other hand, commuting time was estimated to have a negative impact on supplemental work behaviors. Supplemental work behaviors were defined to be full-time employees doing job-related work at home in the evenings and on weekends. Only portability of work, reduction of interruptions, ability to work at one’s own pace, increased productivity, satisfaction with working at home, telecommunication links with the office, and household income were found to be significant. All of these relationships were in the hypothesized direction.

Belanger and Collins (1996), after extensively reviewing the flexplace or telecommuting literature, developed a model of telecommuting outcomes based on Venkatraman’s (1989) concept of fit. Their model can be used to explore how organizational, technological, task, and individual characteristics interact to predict whether or not an individual is a good candidate for telecommuting, and how variations in fit affect both individual and organizational outcomes of telecommuting. Fit is defined as the degree of internal coherence among multiple attributes.

Organizational outcomes that promote the use of telecommuting are cost savings to be derived from the program, increases in productivity, and employee demands. Cost savings may be derived from reductions in real estate and energy bills. Increased productivity may result from employees’ enhanced ability to work without interruptions, increased morale and more efficient use of non-commute time.