

Working Better: A short guide to Flexible Working

Speech by Trevor Phillips, 16 October 2009

This is the draft text of the speech, and may differ from the version as delivered.

It's a privilege to have the chance to address the Chambers' members. One of the side-effects of the credit crunch is that so much coverage has focussed on the City of London. Of course London is vital. But the rest of the country represents 80% of the economy, the majority of jobs and exports. The North-West alone accounts for Gross Value Added of £97bn per year, more than many European countries. The firms here today are the backbone of the region's economy, so we are delighted to be launching new guidance on flexible working here.

The starting point for today is that we have a shared agenda, and it's more relevant than ever as we navigate the passage from recession to recovery. As Rahm Emanuel, President Obama's chief of staff, has said, you should never let a good crisis go to waste.

The Equality and Human Rights Commission has a unique role, set out in law. It is our job to challenge discrimination and prejudice. We want Britain to be a place where everyone, no matter what their background, can realise their full potential.

It's easy to see why the Commission would care about this. But equality should matter to employers too.

I have a good friend, well-known for his support of the unbridled free market who argues that discrimination is the enemy of successful capitalism (a view shared by, for example, Milton Friedman.) A clever capitalist isn't going to discriminate on any grounds other than ability. Any other form of discrimination is not simply unjust, it is inefficient. (The good friend, by the way, is Norman Tebbit.) Yet the evidence still suggests that Britain is letting talent and opportunity go to waste.

Every year more women than men leave university with a first-class degree, but they are still thin on the ground in vital careers such as science and engineering.

If you happen to be black or Asian, you're much less likely to be in work. That gap costs the economy billions each year.

Fewer than one in seven people with a mental illness has a job. Many more are able and keen to work, and can bring unique energy, insight and perspective. As one journalist put it, "turning our backs on those who do not conform to convention [...] is a bias against achievement."

These issues have never been more pertinent. On one hand, the British workplace is in the throes of serious demographic change. By the end of this decade fewer than 20 per cent of the workforce will be white, male, non-disabled and under 45.

On the other, attitudes are evolving. Many parents and carers aspire to match a rewarding career with their other responsibilities. A growing number of people want to work beyond statutory retirement age.

The firms that find imaginative and thoughtful ways to respond to those changes can derive major benefits. Take just two of the typical practices they might adopt:

- Advertising hard-to-fill vacancies in ethnic minority media or websites
- Making a particular effort to keep in touch with employees on maternity leave.

Far from being a luxury, or a sentimental indulgence, these practices represent hard-edged business sense.

- If you're struggling to fill a vacancy, it makes sense to appeal to a new pool of applicants.
- Why risk losing a member of staff with skills and experience who you may have trained at some cost to the business: why go through an expensive and time-consuming recruitment process, when with simple steps you can help her feel confident about coming back?

The Commission would argue that if diversity matters to individual businesses, then it is crucial of the economy as a whole. If we keep on making it difficult for 80% of the workforce to give of their best, it will sap our ability to compete in a global market. Conversely the rewards are high. When it comes to gender alone, The Women and Work Commission estimated that increasing women's participation in the labour market could be worth £15bn a year or more to the economy.

That is why through the "Working Better" project the Equality and Human Rights Commission seeks to encourage a reappraisal of the assumptions that underlie the world of work.

We grasp the importance of face to face interaction in teams but do so many jobs still need to set store by how long employees spend in the office, when the internet has revolutionised how business gets done?

Should so many people with caring responsibilities still be feeling that they have to choose between their work and home lives?

The downturn makes the case for reappraisal stronger than ever. Discrimination and prejudice, whether conscious or unintentional, will only hamper our ability to rise from recession. Getting rid of arbitrary constraints is like taking off the brake. And the route to recovery lies in making the best use of every scrap of talent available.

In fact, this is a moment to seize: the obligation to do things differently is an opportunity to do things better.

As we pursue this work, we want to make the most of the common ground that we share with business.

Often, what's good for the company makes the workplace more accessible. Often, what makes the workplace fairer makes it more efficient and ultimately more profitable. In other words, we want the same thing.

That's certainly the case when it comes to flexible working.

Flexible Working

What's so encouraging about flexible working is that for many firms the debate simply isn't about meeting the statutory minimum.

As you know, the law sets a comparatively narrow standard. You are obliged to consider requests to work flexibly if they come from carers or parents of children 16 and under. You are obliged to give objective business reasons if you want to reject that request. That's all.

But I see it like this – telling a firm they should think about flexible working is like telling a marathon runner they should think about getting fit.

The vast majority of flexible working requests from parents and carers are accepted, more than nine in ten.

Twice as many employees end up working flexibly through informal negotiation than through statutory request.

And many more firms choose to offer flexible working actively, rather than wait to be asked: and many offer it to all their staff, rather than to the groups defined in legislation. And that is because they see significant benefits.

As the BCC put it themselves, “firms are responding...not to the legislation, but to the business case.”

- Flexible working can be a way of retaining valued employees and their skills. You don't want your best people to have to choose between their job and their family life.
- It can be a way of encouraging everyone to use their time more efficiently. It puts an emphasis on what you achieve, not how much time you spend in the office.
- It can motivate employees. Evidence suggests that when firms are able to make accommodations, employees feel extra loyalty.
- By reducing the number of people in the office it can even offer some firms a way of managing their premises more effectively.

BT , for example, introduced flexible working 20 years ago as part of a business strategy. They report absenteeism down 20%, property costs down £500m, and productivity up 30%.

Let's underline it again, flexible working isn't about doing favours, letting things slide, or being soft. It's a hard-edged business decision. IBM, Sainsburys and Norton Rose – all of whom tell their stories in our guidance - are in the business of doing business, not running charities.

They've adopted flexible working policies because, when all is said and done, it helps their bottom line.

Of course we in the Commission warmly welcome firms going beyond the bare minimum because it's the kind of institutional reform that makes the world of work more accessible, more inclusive and fairer to all.

That's why, where some firms are leading the way, the Commission want to help others follow their example.

Making the switch to flexible working doesn't happen by magic. It takes careful planning in advance, and careful monitoring once new arrangements are in place. Some smaller firms see their size as a benefit, helping them react nimbly. But for others, who don't necessarily have particular expertise in human resources, may find change daunting.

We want to give them the support to make it easy. That's why we're delighted to publish this guide today.

To put some minds at rest: this isn't about bureaucrats telling you how to run your business. We are not inventing the advice in this guide, we're distilling it. It's drawn from the experiences of major retailers, international law firms, and manufacturers. It tells the stories of high-street names and of ambitious SMEs such as Clock Creative (I'm looking forward to hearing more from them later.)

Before I hand over, let me end with this. When the Equality Bill was introduced, Richard Lambert of the CBI said:

“employers are getting on with improving diversity in the workplace – and it is delivering real benefits. Legislation should be there to support them in this task, not to distract them.”

We think much of the same of our role: first and foremost here to support you, not distract you, as you make the workplace more inclusive, more productive and ultimately more profitable.

I look forward to exploring our common ground further in the months to come.