

11.2 FLEXIBLE WORK ARRANGEMENTS AND OTHER FAMILY-FRIENDLY MEASURES AMONG HUNGARIAN COMPANIES

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Companies might offer flexible work arrangements for their contracted employees,¹ which could considerably help workers to achieve a better work-life balance and promote the reconciliation between work and family life. As a result, these employment forms create family-friendly surroundings for the employees.

The empirical economic literature thoroughly addresses the question of the effect of flexible forms of employment on employee's productivity, job commitment, motivation and on the firms' productivity. The results so far (*De Menezes et al.* 2011) are controversial. While 30–60 percent of the research underlined that flexible work arrangements have a positive impact on job commitment, motivation and the productivity of the company another significant part of the research did not find any positive statistical link between these factors.

The ILO's overall analysis on small and medium enterprises (*Croucher et al.* 2013) came to very similar conclusions. According to these, flexible work arrangements might increase workers' productivity and also might promote work-life balance; they could increase workers' well-being, satisfaction, confidence and motivation although the empirical analyses did not underline the conclusion that these impacts would prevail everywhere and directly (*Croucher et al.* 2013). The analysis of the ILO particularly stresses that the gender factor has to be taken into account by the planning of policies promoting flexible forms of employment.

The new research of *Beckmann* (2016) studies the application of a certain type of flexible work arrangement, the *self-managed working time* (SMWT) by using German company panel data. According to his results, five years after its introduction, the SMWT increased the company's productivity significantly by 9 percent whilst it also raised the labour costs by 8.5 percent. The author stresses that SMWT contributed to the productivity gain both at the level of the individual (worker) and the company and this could be interpreted as the positive impact of the better incentive for workers and in connection with this the de-centralisation steps taken by the company.

The aim of this current research is to study the extent to which companies in Hungary use the different forms of flexible work arrangements and the types of companies affected. Furthermore, it also examines the link between the use of these forms and the adaptability of firms to the change of the business cycles. As the data collection analysed in our research is connected to

¹ See: inc.com. The study examines three of these: 1) part-time work, 2) flexible working time and 3) home-office or remote work.

a survey on the short-term economic situation of the companies we also had the opportunity to examine the link between the companies' short-term economic situation and the use of flexible work arrangements. The use of certain types of these employment forms means the use of modern work organisation methods² at the same time and could therefore be interpreted as the proxy of the use of these methods. Our expectation therefore is, that companies using one or more types of flexible work arrangements are characterized by a better economic outlook in the given average business cycle than firms which do not use these forms because – due to the greater organisational flexibility – the former could faster adapt to the changes in the given business cycle and could make a better use of the advantages of it than companies which do not use flexible work arrangements or only to a lesser extent.

Data

For the analysis three surveys (2013, 2014 and 2016) of the Institute for Economic- and Enterprise Research of the Hungarian Chamber of Commerce and Industry (MKIK GVI) were used which were carried out in the framework of the institution's research programme on the short-term labour market forecast.³ For the data collection the interviewers visited the managers of the sampled companies personally. (At larger firms typically the HR managers while at smaller firms the owners or the executive directors.) This survey analyses such a subsample of the original data collection from which micro enterprises (with at the most 10 employees) are excluded and only those enterprises were taken into account which provided a valid answer to the questions regarding flexible work arrangements. The analysis examined the pooled sample of the three data collections. In 2013 2,976, in 2014 3,429, in 2016 4,056 companies and in total 10,461 companies were taken into account in the sample analysed.

Flexible work arrangements and other benefits

Companies could use more types of incentives and benefits in order to help their employees with families. Based on the data collection of 2013 and 2014 67 percent of the Hungarian companies take into account the opening times and periods of the educational institutions for the organisation of the working time and for the granting of the paid-annual leave.⁴ This is followed by the opportunity for part-time work (57 percent),⁵ flexible working time (42 percent), school starting support (35 percent), organisation of family events (28 percent), time off work for employees with families (14 percent), opportunity for remote work/home office (11 percent), the reimbursement of holiday accommodation costs, support for children's day-care at crèches and nursery schools (3–4 percent) and finally ensuring day-care services for children (2 percent).

The data also illustrate that there are significant differences in the use of certain flexible work arrangements in Hungary and that 31 percent of the

² See Kallenberg (2001, 2003).

³ See the descriptions of the data collections of 2013, 2014 and 2016 and the studies analysing the results *MKIK GVI* (2013), (2014), (2016).

⁴ The question used in the data collection of 2016 differed from the previous ones. See question 43. on page 154 of *MKIK GVI* (2016). Therefore, the data of the 2016 survey is not directly comparable with the data of 2013 and 2014. On the one hand, non-answering decreased significantly compared to the previous surveys and on the other hand the results of the proportion on the use of flexible work arrangements were systematically lower than before. Therewith the order of the use of the flexible work arrangements studied did not change: part-time employment was the most widespread (52 percent), this was followed by the flexible working time (26 percent) and the home-office or remote work (7 percent). Consequently, the outcomes of the surveys of 2013 and 2014 show a higher proportion of flexible work arrangements than the real rates as non-answering could rather mean 'no' than 'yes'.

⁵ These values are significantly higher than the proportion of employees in flexible forms of employment according to the Labour force survey of the CSO. The explanation for this might be that although a large proportion of companies use flexible work arrangements it affects only a small proportion of their employees.

companies did not ensure any of the three examined options – 1) part-time employment, 2) flexible working time, 3) home-office or remote work – for their employees. Additionally, 31 percent of the companies used only one, 26 percent two and only 7.5 percent all of the three preferential options at the same time.

The spread of flexible work arrangements – estimations

Primarily, we studied the relationship between the examined elements of the flexible work arrangements and certain characteristics of the companies, and then we also examined its link with an important elemental indicator of the composite index of the examinations related to the business cycle of companies namely the *corporate leader's opinion on the current economic situation*. In these surveys, the answers to the question regarding the assessment of the current economic situation of the enterprise indicated the subjective opinion of the leaders interviewed (OECD, 2003) and, as such, the answers reflected the company's adaptability to the given period of the business cycle and the extent the company had been able to use the opportunities of the given cycle.

Our hypothesis regarding the economic situation of companies is that those firms which make more of the examined forms of flexible work arrangements available to their employees are more flexible and are able to react more quickly to the changes of the business cycle which also has a positive impact on their economic situation. On the other hand, in companies which do not offer any types of flexible work arrangements to their employees (and apparently are less likely to use modern work organisation practices and incentives in general) the organisational structure is rather rigid and this is accompanied by weaker adaptability and less successful economic activity. Therefore, we assume that family-friendly measures enhance the situation of employees by ensuring a better work-life or work-family balance while at the same time they could also contribute to the improvement of the companies' adaptability and flexibility.

The findings suggest that companies in the industrial and service sector use family-friendly arrangements to a larger extent: for example, the probability of part-time work and flexible working time is 22–25 percent higher at companies in the industrial sector than in the agricultural sector. At the same time the probability of the three, examined work arrangements (in order: part-time, flexible working time and home-office or remote work) in the service sector is higher by 38, 116 and 490 percent. Home-office and remote work is typical for companies in the commercial sector especially at service provider companies. The impact of the size of the enterprise is trivial: obviously, there are more positions at larger enterprises which could be transformed into flexible forms of employment than at smaller companies. Based on the outcomes the real difference exists between companies with less than 250 and those with more than 250 employees. The probability of part-time work, flexible work-

ing time and remote work at the latter is higher by 250 percent, 70 percent and 80 percent than at companies with 10–19 employees.

Majority foreign-owned firms allow part-time work less frequently, however the probability that they have employees in a flexible working time arrangement or who work in home-office or remote work is 31 and 66 percent higher. Exporting companies (with a maximum of 50 percent turnover from export and those with a turnover from export above 50 percent) are also more characterized by the use of these options: in order, the probability for flexible working time is 21 and 24 percent higher than at companies producing for the domestic market while the probability of home-office and remote work is 70 and 81 percent higher.

As regards the economic situation it seems that there is no difference in the connection with part-time employment among companies in a different economic situation while in the case of flexible working time and home-office or remote work it could be considered that companies in a favourable economic situation use these kind of flexible work arrangements with a 24–33 percent higher probability. The examination of the number of the flexible employment options – 1) part-time employment, 2) flexible working time, 3) remote work or home-office – used by the companies shows similar results. The picture is obvious in the case of foreign-owned firms: majority foreign-owned companies make multiple types of flexible work arrangements available at the same time more frequently than domestic-owned ones. This leads to the conclusion that this decision of the former companies might fit into a broader policy framework on the flexibility enhancement of the company structure. The same observation could be made in connection with exporting companies: the majority of exporters use more types of flexible work arrangements than the non-exporter companies.

There are also considerable differences by economic situation: the probability that companies in a favourable economic situation use multiple types of flexible work arrangements is 16 percent higher than at companies in a less favourable economic situation. Therefore, it is worthwhile to look at the converse of the issue and examine also separately if the number of flexible work arrangements used helps firms towards a better and more flexible adaptation i.e. the multiple use of flexible work arrangements is accompanied by a better economic situation.

The results show that the existence of this relationship is not obvious. The outcomes of the surveys in 2013 and 2014 suggested that the economic situation of firms using two or three types of flexible work arrangements simultaneously was significantly better than of those which did not use flexible work arrangements at all. If a company used all the three examined forms (part-time, flexible working time and remote work) its chances for the more favourable economic situation were 11–64 percent higher than a similar company

which did not use flexible work arrangements. These links however are not evident at all in 2016. Based on the results it could certainly be concluded that flexible work arrangements – while they contribute to the well-being of workers and the establishment of the right balance between work and family life – do not worsen the situation of companies nor decrease their chances for their adaptation to the changing economic climate.

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