If firms start measuring the gains of flexible working, women will benefit

Financial services firms have regarded flexible working as an option for women struggling with family responsibilities. Now that it has become the norm, says ***Grace Lordan (LSE)****, they have an opportunity to measure whether it is cost-effective. Once men begin to see it as good for business, the penalty women pay for choosing flexible working will shrink.*

Paradoxically, women are held back by some of the very policies that financial services firms created to retain them. Specifically, they are held back by the narrative that surrounds these policies.

I base this conclusion on investigations I have undertaken on a survey of almost 1750 workers in financial services. They highlight that financial services workers put in longer hours, are more satisfied, and are less likely to plan to leave when they have flexibility over how and where they do their work. So why is it that flexibility is mostly framed in financial services as a policy that will help women juggle work and home life?

While it is still true that women need flexibility on average more than men, the narrative surrounding flexibility in the workplace implies that when women access flexible working arrangements they will likely be viewed as having lower labour market attachment. This has obvious knock-on effects for promotion, access to stretch assignments and pay bumps. As someone who talks to a lot of men and women in this industry on a regular basis I can tell you that these knock-on effects are viewed as the reality.

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However, flexibility can bring gains to productivity and morale if we embrace it as a policy that will allow *all* workers to thrive. When I conducted my investigations for the latest Women in Banking and Finance report drawing on data collected by the Wisdom Council, I found that flexibility around how and where a person works predicts higher levels of job satisfaction, longer hours and lower intentions to quit. This stylised fact holds true, regardless of whether workers are male, female, older, younger, part-time, full-time, working abnormally high hours, or working in environments with high or low shares of males.

I am not surprised. As I write, the financial services industry is debating how work will change post-pandemic. Across many occupations and functions the train of thought is that workers will still spend significantly more time working at home. This has the clear benefit of reducing direct costs – space in the City of London is expensive. So there has never been a better time for firms to discuss the benefits of heightened flexibility. Nor has there been a better time for firms to set themselves up to evaluate the productivity gains that they get from giving their workers more autonomy.

> I guarantee that with this change of narrative we will see more men taking up flexible working options as they realise that it will not doom their ambitions to reach the C-suite. I also guarantee that this change of narrative will allow women to better manage their work and home life, and simultaneously help erase the stigma of women working flexibly.

This evaluation step is necessary. It allows firms to establish the true 'bang for the buck' of flexible working. It also allows them to get real about where the pain points are, and what levels and types of flexibility are optimal from an operations perspective. It allows firms to change the narrative, promoting flexible work arrangements as a policy that is good for business rather than a retention policy for women. I guarantee that with this change of narrative we will see more men taking up flexible working options as they realise that it will not doom their ambitions to reach the C-suite. I also guarantee that this change of narrative will allow women to better manage their work and home life, and simultaneously help erase the stigma of women working flexibly.

In financial services, measurement is of paramount importance. So why don't these firms measure the cost-effectiveness of flexible working policies? They are the industry that is best placed to do so. This lack of measurement makes it easy to construct false negative narratives about how flexible working affects businesses. Following a similar line of questioning, why don't firms usually measure the impact of all of the other investments they make in diversity and inclusion? I find this baffling. The lack of measurement runs the real risk that firms are wasting money on interventions that are not effective. This is very likely, given the lack of progress in the industry in terms of retaining diverse talent, getting diverse representation into the C-suite and eroding the gender pay gap. In my view, the lack of measurement is also the main cause of diversity fatigue.

Of course, there are difficulties. The gains might be in terms of productivity, which is difficult to measure for professional workers. As an industry that understands noise-to-signal ratios, this should not prevent measurement. The estimates of effectiveness may not be precise. But this industry has a comparative advantage in quantifying uncertainty, and its workers are in the best possible situation to understand confidence intervals. If firms take an experimental approach, they have an opportunity to tap into unrealised productivity gains as they play around with different approaches to flexibility to figure out what works best for their business. An experimental approach will also stop firms wasting time and money on pursuing interventions that do not work. Most of all, evaluating the benefits to flexible working will change the narrative, and instead associate specific forms of flexibility with better business outcomes, rather than policies solely designed to allow for work-life balance.

This post represents the views of the author and not those of the COVID-19 blog, nor LSE.