

Creating high-performance cultures using flexible working

Introduction

“Contrary to popular belief, cultivating a high-trust culture is not a “soft” skill — it’s a hard necessity. Put another way, it’s the foundational element of high-performing organizations.”

*Stephen M. R. Covey & Douglas R. Conant
The Connection Between Employee Trust and Financial Performance, HBR*

Trust is an enabler of growth, innovation and continuity. Employees work harder, take on more responsibility and are less likely to leave for another role when they feel trusted.

Creating an environment of trust is, therefore, one of the most transformative things a business can do when addressing its own culture.

Unfortunately, creating an environment of trust is easier said than done, and businesses of all sizes struggle to implement and maintain high-trust professional environments that align with business goals.

The business merits of trust are well and long-established - Stephen M.R. Covey’s bestseller *The Speed of Trust: The One Thing that Changes Everything* was published in 2006 - but execution on theory has clearly proved challenging.

There are three basic ways to engender trust:

1. Listen to and address people's needs.
2. Demonstrate your sincerity by creating or allowing situations that rely on trust.
3. Create a positive feedback loop where trustworthy individuals and groups are given both further responsibility AND further addressing of their needs.

Flexible working is an exercise in all three of these concepts.

Listening

It is **the** most requested change to business culture. While demand is steadily increasing in older employee segments (particularly those nearing retirement age) it is the Millennial generation that will embed and codify flexible working. More than 70% of Millennials say that flexible working makes a job more appealing and nearly a third would pick improved flexible working options over a pay rise if they had to choose.

Demonstrable Trust

Flexible working relies on trust. Giving your employees the flexibility to work in their own way indicates that you trust them with the responsibilities of doing so.

Feedback Loops

By challenging employees to innovate/optimize their own working schedule and rewarding them when they do, you incentivize further innovation and optimization with a reward scheme that's proven to motivate employees.

There are many other reasons to implement flexible working, but they can be summarised thus: both the “work” AND “life” in work/life balance are business responsibilities. The “life” part has been ignored in many cases simply because it could, but doing so impacts business success. Better work/life balance leads to better employees. Better employees build better companies.

Data strongly suggests that businesses as well as employees benefit from establishing flexible working policies, but so far this reciprocal benefit has been evaluated on an individual rather than an environmental basis. This paper demonstrates how businesses can effectively kill two birds with one stone: implementing a highly sought-after set of procedures that improve employee well-being and ensure their hiring strategy remains competitive, *and by doing so* create a high-trust, high-performance working environment that will increase **efficiency, productivity and loyalty**.

Flexible working is not one working arrangement among many, implemented to “keep people happy.” It is *the* premier managerial method for establishing and reinforcing individual autonomy to benefit the organisation as a whole.

In your business:

We will endeavour to demonstrate the necessity of trust in business performance in the following section. Before we begin, now is a good time to ask yourself: **how does your organisation assesses and values trust** (if at all)? Try to provide a simple, candid yes-or-no answer as to whether the following behaviours are authentically practiced by your organisation:

- 1) We want our employees to seek more accountability, autonomy and responsibility for their own development.
- 2) We have established and tested processes for increasing the autonomy and accountability of our employees.
- 3) How much employees trust management and vice versa is a subject of organisational discussion*.
- 4) We have an established mechanism for measuring employee trust.

- 5) Management are aware of targets relating to trust.
- 6) Managers have a mandate for creating high-trust environments.

*Not limited to the HR department.

Part 1: What is trust and why does it benefit a business?

“Compared with people at low-trust companies, people at high-trust companies report 74% less stress, 106% more energy at work, 50% higher productivity, 13% fewer sick days, 76% more engagement, 29% more satisfaction with their lives, and 40% less burnout.”

Paul J. Zak, “The Neuroscience of Trust”, Harvard Business Review

Sometimes data is sought to support a hypothesis. Sometimes an abundance of data calls out for a hypothesis to explain it. Such is the situation with workplace trust. Before we figure out how to use flexible working to create a high-trust environment, we'll look at the data that shows why you should want to.

When employees trust their managers:

Businesses where top managers are seen as trustworthy by employees are **more profitable** and more **highly valued by investors**.

Trust in management leads to **higher employee engagement** scores (and businesses with higher employee engagement scores tend to outperform businesses in their sector with lower scores).

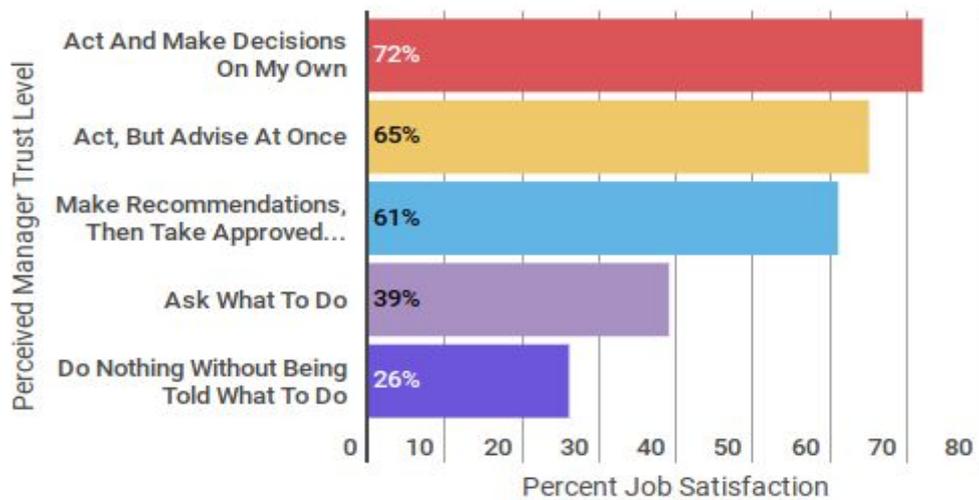
Studies suggest that having a job in a workplace where trust in management is ranked 1 point higher on a 10-point scale has the equivalent effect on life satisfaction as a 36% change in income.

When employees feel trusted (or do not):

An atmosphere of open trust increases an employee's likelihood of staying with a business. A quarter of UK employees have left their company due to issues around trust, with a majority of employees identifying trust as a primary reason to stay or leave.

There's a strong positive correlation between feeling trusted by management and job satisfaction (best represented in [this striking graph](#) from compensation management software company PayScale).

How Manager Trust Impacts Job Satisfaction



The relationship between job satisfaction and performance is a complicated one - partly because high performance leads to intrinsic and extrinsic rewards that themselves raise job satisfaction - but there is a strong positive correlation between the two (and more broadly, with overall well-being and happiness).

Work engagement, job satisfaction and productivity can form a virtuous circle, with an increase in one property reinforcing the others. **Autonomy** is a key driver of engagement. This is an important point, because autonomy is *the* key aspect of workplace trust. **Autonomy cannot exist without trust, and trust cannot be properly demonstrated without autonomy.**

Summing up:

- Increased trust between employee and employer raises employee loyalty and job satisfaction.
- When trust is given via increased autonomy, employee engagement goes up.

- Increased engagement leads to higher performance, with the potential to create a virtuous circle of reinforcement:

Intrinsic vs extrinsic motivation

The data demonstrates that increasing trust in your business will improve performance, so let's talk a little about *why* trust is such a great motivator.

Crucially, **trust is *intrinsic*** - it exists within individuals without referring to external forces - rather than *extrinsic*, relying on outside reinforcement. Assuming that an individual will carry out a task due to a fear of punishment or a desire for monetary reward does not "count" as trust for our purposes. When we talk about a high-trust environment we refer to a setting where individuals firmly believe in one another's reliability regardless of circumstance, the pressure of failure or the chance of reward. Trust exists *independent* of these factors, not because of them.

Traditionally the markers for trust in employees have been unsophisticated and largely extrinsic. For example, we "trust" that employees will arrive at an agreed time not because we are confident that they value their own reliability, but because we will censor or punish them if they do not.

There are two huge problems with using extrinsic motivation in this way. The first is that **extrinsic factors need constant reinforcement**. If we cannot implicitly trust someone to keep working without direct observation, we must keep them under regular supervision. This necessitates a percentage of management resources be spent "checking up" on employees - not evaluating their work or discussing their challenges, merely making sure they are still doing as they are told. This inefficiency can, if not addressed, stymie the overall effectiveness of management. Instead of enabling and upskilling their employees, their time is spent merely ensuring that something that should be happening IS happening.

The second problem with extrinsic motivation is that **continuity is at risk if the motivation is removed**. If monetary reward is the primary motivation for productivity, what happens when salary no longer matches an employee's perceived workload? What happens if money becomes less important to an individual than other factors a business cannot address? In the (perhaps unspoken) words of many a manager: "if I let them work from home, how do I know they won't just sit and watch Netflix all day?" This question represents an understandable fear - but one we will evaluate and account for in time.

In your business:

Now we've explained intrinsic vs extrinsic motivation, ask yourself: how much trust in my business is intrinsic, and how much relies on external factors?

Trust as a building block for motivation

In his seminal work on motivation *Drive: The Surprising Truth About What Motivates Us*, Daniel Pink determines that high-performance behaviour is largely self-directed and self-motivated. Although extrinsic factors are still necessary (Pink suggests that businesses should pay people just enough "to take the issue of money off the table"), they are not enough to create high-performance cultures. Pink identifies three key intrinsic factors that motivate high-performance behaviour:

Autonomy: our desire to be self-directed or in control. Those with high autonomy are more engaged than those who are simply compliant.

Mastery: the urge to get better at a given skill or task.

Purpose: the desire to do something that has meaning and is important.

“Some might dismiss notions like these as goeey or idealistic, but the science says otherwise. The science confirms that this sort of behaviour is essential to being human - and that now, in a rapidly changing economy, it is also critical for professional, personal and organisational success of any kind.”

“Daniel Pink, Drive: The Surprising Truth About What Motivates Us”

All three factors should be of note to businesses, but it is the first - **autonomy** - that is most important to this paper. We've already learned that **more autonomy leads to more engagement**. Now we know why.

Recapping Part 1

- Increased employee trust has been proven to improve loyalty.
- Extrinsic factors have diminishing returns; high-performance behaviour is motivated by intrinsic factors like autonomy.
- When trust is demonstrated by increased autonomy, performance improves.
- Increasing trust through autonomy can create a virtuous circle of improvement.

Part 2: Flexible working is a powerful tool to create trust

Flexible working is an exercise in trust. When implementing a flexible working policy, your business is giving its employees vastly increased levels of autonomy and responsibility. Extrinsic factors are removed, and you must therefore rely on employees to motivate themselves.

This is a scary prospect for many businesses because they don't trust their staff.. yet. Without extrinsic factors to motivate them, they assume that their employees will be less productive. When a manager voices their concerns about staff watching Netflix, senior staff might agree. Flexible working may therefore be something that staff want, but it is of no benefit to the business.

The data, however, demonstrates that this attitude is incorrect. Employees that have taken advantage of flexible working:

- Take fewer days of leave and have fewer absences due to illness.
- Report significantly higher levels of productivity; British Telecom have stated that productivity of flexible workers improved by up to 30%.
- Are more loyal to their employer (with Millennials in particular reporting that flexible working opportunities affect their decision to remain with a business).

Flexible working arrangements also have the following organisational benefits:

- Greater cost-effectiveness and efficiency, including savings on overheads when employees work from home and less downtime when staggered or flexible shift patterns are implemented.
- Extended operating hours through a core hours of flexitime arrangement.

- Lessened overall absences, even from staff with chronic or ongoing health issues.
- More competitive hiring, and higher rates of retention (especially among parents).
- Improved diversity in the workforce, and higher numbers of women in senior roles.
- “Hidden” benefits like lessened environmental impact.

WHY flexible working is such an effective method of increasing trust

“In an autonomous organisation, it’s what gets done that matters, with less concern for how it gets done. As long as the results are there and the methods are appropriate, it doesn’t matter how employees deliver them.”

Tracy Maylett

In her recent book *ENGAGEMENT MAGIC: Five Keys for Engaging People, Leaders, and Organizations*, Tracey Maylett identifies four distinct types of autonomy:

Spatial autonomy: the power to control the location/environment in which you work.

Social autonomy: the power to control whom you work with.

Temporal autonomy: the power to control when you work.

Task autonomy: the power to control how you approach your work, and input on your own milestones and targets.

The ability to control some (or all) of these determine an individual's perceived level of autonomy. Employees may attribute different values to each type, and the nature of the actual work may preclude some types of autonomy (for example, a role using specialised on site equipment may provide no spatial autonomy).

In its most basic form, flexible working simply provides an opportunity for spatial and temporal autonomy, but a certain amount of task and social autonomy is implied: as soon as a worker steps outside the 9-5 office norms they take on more responsibility for who they contact and how they approach tasks. Flexible working is such a powerful tool for building workplace trust because it increases and rewards all four types of autonomy at once.

It also provides the opportunity to create a bespoke experience. Employees do not need a huge increase in all four areas simultaneously for their perceived autonomy to increase - a moderate increase *in the area that matters most to them* is all it takes.

Examples of how basic flexible working arrangements increase different types of autonomy:

“Without trust, autonomy is impossible. However, when trust is present, it send employees the message that they are in charge of their time, effort and reward.”

Tracy Maylett

Recapping Part 2

- Flexible working has multiple proven benefits for individuals and organisations.
- Flexible working by its very nature is an exercise in trust.
- Flexible working significantly increases two of the four types of workplace autonomy, and has an implied effect on the remaining two.
- Autonomy relies on trust, and is a key driver of workplace engagement

Part 3: Implementing a flexible working policy to challenge and reward employees

In this section we will explore the basics of creating a high-trust environment using flexible working, evaluate risk factors and address some common fears. This information could be used to implement a flexible working policy* in your business, or improve an existing one. This section does not address the specifics of creating a flexible work policy - supporting materials for creating a policy are available from www.juggle.jobs.

*We strongly recommend that your business create an **official flexible working policy** for staff to feedback on and agree to. Informal arrangements are a bad idea for a variety of reasons. Ambiguity is lethal

to authority - acceptable practices and procedures must be ratified by management and understood by all staff, and deliverables and expectations must be addressed.

Below is a checklist of things to consider when creating your policy. We will go through each step in turn.

Flexible working policy checklist

- Interrogate your business's culture relating to trust and autonomy and identify areas that flexible working could address
- Consult staff on their perceptions of trust and autonomy in your business
- Audit your business's current implementation of flexible working
- Consult with staff on their flexible working needs
- Make the case to managers
- Evaluate how you measure productivity and, if necessary, take steps to switch from "input" methods to "output" methods
- Determine performance metrics and targets to go alongside flexible working and communicate them to staff
- Discuss the concept of increased autonomy, increased accountability and your expectations with staff
- Determine how you will "police" your policy, and create a roadmap for those who struggle to adapt
- Create flexible working policy and allow staff to feedback before making improvements
- Implement flexible working policy
- Evaluate implementation on a monthly basis for the first six months, then review quarterly thereafter

Interrogate your business's culture relating to trust and autonomy and identify areas that flexible working could address

It's important to remember the purpose of this exercise: **to create a high-trust, high-performance environment**. Many businesses implement flexible working informally, to address issues with employee wellbeing, or simply to meet staff demands. Flexible working arrangements will benefit your business at an organisational level, and we suggest that you begin work on your policy with this in mind. Think about *why* you are creating this policy, and the positive effects you want to see.

Consult staff on their perceptions of trust and autonomy in your business

Build questions relating to trust and autonomy into your employee engagement surveys. Short and frequent "pulse" surveys are a reliable way of accumulating data quickly. When evaluating the data, it may be useful to refer to the four types of autonomy explored in Part 2. Evaluate whether there is a serious shortfall in any of the four types, whether this is down to your working culture or specific attributes of the work itself, and how your policy might address these issues.

Audit your business's current implementation of flexible working

The following table may help you evaluate your business's current attitudes towards flexible working.

Policy/ arrangement	Is there an official agreement?	Is it company-wi de or local?	Are staff aware of the policy/ arrangement?	Is it in line with (or improving on) legislation?
Flexible working				
Managers' training on flexible working				
Team training on flexible working				
Established manner for communicating policies				
Part-time working				
Job sharing				
Remote working				
Core hours policy				
Flexitime				
Compressed work week				

Other				
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From a cultural perspective it may be useful to ask yourself the following questions about your business:

- Can work-life (and specifically flexible working) issues be discussed?
 - Is performance management such that results are more important than hours at work?
 - Is it recognised that people need different support at different stages of their lives?
 - Do managers understand the rationale for flexible working and the real benefits for the organisation?
 - Do employees understand their rights with regard to work-life balance and flexibility?
 - Are policies adapted to suit the needs of the organisation and the employees?
 - Are managers supported to find new ways of working with their teams?
 - Is there an effective communications strategy to encourage take up of policies?
 - Is open communication between manager and employee encouraged?
1. Are team members encouraged to plan how to make it all work so that they can meet everybody's needs?

Consult with staff on their flexible working needs

Remember that your new policy is designed to create trust, so it's especially important that you consult with staff and tailor to their needs. A "generic" flexible working policy will also be less effective for your business. The purpose of increased autonomy is to help each staff member work in the most efficient way for them. Since the demands of

your specific work environment make a completely flexible arrangement unlikely, your business will need to optimise and reach compromises.

The more information you can gather the better. Questionnaires and pulse surveys are the quickest way to collect data, but if plausible consider building enquiries into any upcoming appraisals or team training events. The opportunity to discuss specific issues with colleagues will provide a more robust plan (and in all likelihood raise levels of staff wellbeing before you even begin). The more bespoke your policy is to your business the better.

Some things to consider when consulting with staff:

- Are there aspects of their working day that are immutable (eg operating hours of clients, time zone differences with multiple offices, delivery windows, fixed broadcast times etc)? Do these things affect the whole business and if not, are there patterns you can account for?
- How technologically prepared and adept are staff to work asynchronously or remotely? Is further investment or training required?
- Where are staff based, and how long does their commute take? Are there transport bottlenecks that affect multiple staff members?
- What fraction have staff have specific flexibility needs - for example childcare or other care responsibilities - and how can you cater for these people while keeping the policy consistent for all staff?

Remember that the policy is meant to both reward and challenge your staff. It is perfectly reasonable - and probably more effective - to ask them to design solutions to specific issues.

Make the case to managers

A flexible policy that's undermined or poorly implemented can be worse than none at all. Management may have reasonable fears about productivity or an increase in their own workload. Be forthright about the purpose of flexible working - to increase personal autonomy, wellbeing and trust - and explain how this will benefit performance in turn.

With a well implemented flexible working policy, staff gradually become self-managing. Being able to optimise their schedule within the constraints of the agreement is a tangible and powerful reward, and one that quickly becomes self-sustaining. The more productive, self-reliant and efficient they can become, the more advantage they can take of the new policies.

Evaluate how you measure productivity and, if necessary, take steps to switch from "input" methods to "output" methods

This is an absolutely crucial step. Determining how to measure productivity - or even what productivity means for your specific industry - is a necessary but challenging process that is beyond the scope of this white paper. However, for flexible working policies to benefit your business, it's of extreme importance that you switch from "input" methods of productivity measurement - eg how many hours/days are worked, how many internal meetings are scheduled and attended etc - to "output" methods: how much measurable, discrete work is done.

For most businesses, this means a diligent switch to fair and achievable targets and key performance indicators. **Establish a baseline** to measure and improve against, **define the tasks** that staff need to perform, **set clear objectives** and goals and then **measure frequently**.

Determine performance metrics and targets to go alongside flexible working and communicate them to staff

Returning to an earlier question: how do you know that, when working from home, your staff *won't* just sit and watch Netflix all day? By ensuring, before any flexible working policy is implemented, that all staff are completely aware of what is expected of them, that their productivity is being tracked in an agreed manner and that increased performance will be rewarded. Beyond that, it has to be a matter of trust.

Discuss the concept of increased autonomy, increased accountability and your expectations with staff

Accountability is a key part of increased autonomy, and reliability is a key part of trust. It is not unreasonable to honestly discuss these concepts with staff. You are placing trust in them and it's important that they acknowledge that trust before you begin. Flexible working should not be seen as a "perk", but rather as an integral part of the relationship between employer and staff. Be upfront about your expectations, why you are implementing the policy and what concerns you have.

Make it clear to staff that they have a responsibility to their colleagues to live up to the terms of the agreement; they are being asked to place their trust in each other, and should take that development seriously.

Determine how you will “police” your policy, and create a roadmap for those who struggle to adapt

Change is difficult, and changing embedded behaviour can be scary. For some staff your policy may present a serious change from the way they have worked for most of their lives. It is more likely that anyone that struggles with the policy is simply having trouble adapting rather than deliberately trying to take advantage of or subvert the agreement.

Rather than allowing some staff to fall behind it's important to decide before you begin your policy how you will help people who do not hit agreed goals or targets to get back on track. Do not wait for problems to arise before deciding how to deal with them.

Create flexible working policy and allow staff to feedback before making improvements

Again, the more bespoke the policy can be to your business, the greater the trust established and the greater the efficiency. Before you implement, give staff the opportunity to comment on the policy, raise possible issues and suggest solutions.

Implement flexible working policy

And then...

Evaluate implementation on a monthly basis for the first six months, then review quarterly thereafter

A reciprocal trust-building arrangement is never “finished”, and there should never be a limit placed on a high-trust environment (in the same way that there should never be a limit on performance). If your staff do not adapt well to the policy then iterate and

improve, rather than removing the new freedom and responsibility. Remember, this is not simply a benefit for staff. Diligent application will benefit your business overall.

In the more likely event that staff begin to self-manage and increase performance then continue to support their development. The more autonomy they can handle, the more efficient and productive they will be. This should be an ongoing process, one that will bring increasing levels of trust and satisfaction.

Our virtuous circle now looks like this:

Recapping Part 3

- Create your flexible working policy with the express design of increasing trust and performance in your business.
- Formal agreements are better than informal or ad-hoc arrangements.
- Audit your current arrangements and interrogate your company culture before you begin.
- Consult with staff to create a bespoke agreement.
- Explain your reasoning to staff and make sure they understand the responsibility that goes with autonomy. Make your exercise in trust a two-way street.
- Ensure you have adequate productivity measurements in place.
- Set agreed targets and prepare to support staff who struggle to adapt.
- Challenge your staff to optimise their working and respond with greater autonomy when they do so - create a virtuous circle.