

THE IMPACT OF FLEXIBLE WORKING ARRANGEMENTS ON COMPETITIVE ADVANTAGES OF ORGANIZATION

Oksana PAVLOVA

*PhD candidate, Vilnius University, 3 Universiteto st., Vilnius 01513, (+370) 68242786,
oksana.pavlova@evaf.vu.lt*

Abstract. In modern marketplace business organizations are obliged to take into consideration that in order to compete among other organizations, they must attract the best talents who are able to make creative decisions. According to the latest issue of world competitiveness report (2019), employees are striving for flexibility despite the observed fact that they also tend to lack skills and described as volatile. Organizations are trying to suggest appealing working conditions in order to position themselves as attractive employees. This might be the reason why many of the leading organizations in the world position themselves as employers of flexible working conditions (Wiryakusuma, Chai, King et al. 2017). As there is a skills gap noticed as a prevailing global trend, it became harder for organizations to change employees. Therefore, a lot of efforts and investments are necessary in order to keep a skillful and efficient employee.

Key words: *Human resources management, flexible working arrangement, competitive advantages.*

Introduction

The rapidly increasing use of flexible working arrangements is among prevailing global trends, which are noticeable particularly in business journals. It is observed that many of the leading organizations in the world position themselves as employers of flexible working conditions (Wiryakusuma, Chai, King *et al.* 2017). Leading organizations are the benchmarks of behaviour for other organizations that also compete among organizations at their own level in terms of talent. In order for the consumer to choose the workplace, it is compared to a commodity that also has some idiosyncratic qualities. Personalized solutions have become a matter-of-course phenomena. Contemporary business seeks to transform the workplace into an idiosyncratic one (Marescaux, Winne, 2017). Employees have the opportunity to adjust the workplace to their needs, hobbies and reconcile work with personal life.

The Green Paper of the European Union, outlining the challenges of organizing work in the 21st century, states that studies have been conducted these days to determine how flexible forms of work can be organized in the context of workers' social rights (Commission of the European Communities, 2006). The need for legal regulation also led to the renewal of the Labour Code, which provides for more flexible conditions for business (Labour Code of the Republic of Lithuania, 2016). This step will help employees feel more confident in addressing their employer when declaring their needs, and employers will have the opportunity to justify the use of flexible terms with directives already adopted.

The aim of the article is to investigate the specifics of flexible working conditions prevailing in the labour market.

The main problem of the article is how flexible working conditions affect the competitive advantage of organizations.

Objectives of the article:

1. To determine the specifics of applying flexible working conditions in organizations.
2. To determine the impact of flexible working conditions on competitive advantage.

Methodology. The article uses the following methods: analysis of scientific literature and secondary data analysis. Synthesis method (examining the literature, highlighting researchers' insights and opinions from the research point of view) was used to investigate and formulate innovative human resource management tools, employee behaviour, and work efficiency concepts. Also, the descriptive and systematic methods show different perspectives of concepts, differentiation according to the respective types, functions, tools, which allow to understand the meaning of the concepts much more deeply and to objectively evaluate their mutual influence, relations and behavioural impact on work efficiency.

1. Specifications for flexible working conditions in the organization

1.1. Definition of flexible working conditions

The introduction of flexible working conditions can be attributed to the emergence of behaviourism, which has begun to focus not only on the volume of production, but also on environmental factors that may have a positive or negative effect on human labour productivity. The year 1920 is considered the beginning of behaviourism (Cialdini, Kallegrén, Reno, 1991). The concept of human relations has emerged, for which K. Lewin is believed to have been pioneered, however, much more detailed and experimental research on human relationships was conducted by E. Mayo. His main goal was to find out how certain changes in the workplace change the behaviour of employees and the decisions they make. Circumstances that shape behaviour lead to appropriate productive or unproductive activities (Anteby, Khurana, 1953). These beginnings of early theories suggest that consideration of human needs in the work environment has emerged relatively recently, although historical sources indicate that one of the most prominent philosophers of all time, Aristotle, has mentioned in his works that a good worker is a happy worker (Sgroi, 2015).

In a modern economy and a market that never sleeps, it is crucial to maintain a high level of productivity through competitive advantage, and as a result, organizations are looking for alternative ways to maintain business success by adapting their activities to the prevailing dynamics. Organizations that offer a wide variety of working hours aim to meet the needs of employees by offering the fullest possible working hours, with some workplaces operating around the clock: having a seamless manufacturing process or customer service centres in different time zones. However, not all flexible working conditions have a positive impact on employee well-being, organizations with a wide range of working hours and autonomy are thought to be associated with poor employee health and well-being, and workplaces with less time and autonomy have a more positive effect: higher well-being and job satisfaction (Costa, Akerstedt, Nachreiner *et al.* 2004).

Therefore, it is very important to define what flexible working conditions are, so that they can be better understood. Table 1 provides definitions that identify the essence of flexible working conditions from the perspective of the employee and the employer.

Table 1

Definitions of flexible work

Author	Year	Definition
Victoria Ivleva	2018	Employees' flexibility to organize their work: influence when, where, and how job-related tasks are performed.
Business Dictionary	2019	A work practice where the employer allows employees freedom of choice up to a level within which the employee can decide how and where to work.
Georgia University of Law Center	2010	Flexibility with respect to work schedule (alternative work schedule); flexibility of working hours (not full-time work); workplace flexibility (work from home or elsewhere).
Costa G., Akersted T., Nachreiner F. <i>et al.</i>	2004	Flexibility is about adapting working time to the needs of the employee and the employer. There are two distinct sections of work flexibility: organization-oriented work flexibility and employee-oriented work flexibility.
S. Dex, F. Scheibl	2001	Flexible work organization includes non-full / fixed / full time contracts, job sharing, career breaks. As well as providing conditions for nursing, caring for parents or children. Possibility to change from full-time to part-time, from home or during other hours than it is usual within the organization.

Source: Compiled by the author.

The analysis of the work flexibility concepts has shown that this phenomenon is perceived from different perspectives, covering three contexts: *political/economic* – when it relates to law and regulation; *organizations* – focusing on the organisation's priorities and its adaptation to the competitive and market environment; *employee (individual)* – where the focus is on autonomy in terms of working hours and place of work. The main problem, however, can be identified as: *how to create the conditions that maximize the added value for the organization?* The issue also seeks to

figure out how to properly harness the human potential of employees in the presence of a dynamic market.

Referring to the problematic question and based on the insights of the authors, we may identify the main variables which will be analyzed further: flexible working conditions through work autonomy as flexible working hours and working space and non-standard employment contracts: non-full time contracts and fixed-term contracts. Non-standard employment contracts reflect the political–legal environment, as decisions depend on the will of the country’s government to initiate changes in the Labour Code and to adapt more flexibly to employment contracts. According to the data of the Global Competitiveness report (2019) comparing labour flexibility indices between European countries, the United States and Asia (41 countries), we can see that the political issue of this regulation also covers the following areas: costs of redundancy; minimum wage; restrictions for working on weekends, at night, and on holidays; limitation of working hours per week; employee notice time before dismissal.

The criteria listed above measure the degree of flexibility and legal capacity an organization has with respect to its employees. The highest ranking belongs to Denmark (96.9) – the country is not restricted to employment contracts, there is no fixed minimum wage, the term of warning before an employee is dismissed is not defined; there is no legal framework for employment or work load limitation on weekends, at night and during the holidays. Lithuania ranks 70.3 in the in the list 15th place). The country has a defined minimum wage, limits on the number of working hours per week, and provides percentages for work on holidays / weekends (100%) and at night (50%). There are also legal provisions for pre-dismissal transfers and compensation for dismissal depending on work seniority. Bottom line is France (38.4) – this country focuses on worker protection as the country has many business restrictions. The calculation of employment flexibility indices does not include options for remote working in the country, which are also considered as a flexible alternative to standard employment contracts.

However, the regulation of remote work is related to the technological progress of the country and shows the extent to which the state supports the comprehensive adaptation of information technologies in the labour market (Tamašauskaitė, 2013). It may be assumed that teleworking is most relevant for technologically advanced countries, since the development of information technology in the country and R&D investment are the key conditions for the implementation of such contracts and agreements between the employee and the employer. The more economically and technologically advanced the country, the more pressing the issue of alternative employment arrangements is, helping to exploit the work potential in its fullest. In terms of investment, overall EU R&D investment stands at around 2.03% of GDP, with a target of 3% at 2020 (Eurostat, 2018). The statistics suggest that, as investment in progress increases, the demand for alternatives in the labour market will also increase in the coming years.

1.2. Specifics of work autonomy

When analysing the issue of flexibility of working conditions, the focus is on the phenomenon of employee work autonomy. Values of work autonomy distinguished by researchers in Table 2.

Table 2

The significance of work autonomy

Author	Year	Definition
Patterson, Warr, West	2004	In the context of work autonomy, employees are empowered to make decisions individually, i.e. managers trust employees’ decisions without their permission.
Urbach, Fay and Goral	2010	Autonomy leads to a sense of responsibility, creating a sense of intrinsic motivation, which in turn encourages the generation and implementation of new ideas.
Jiang, Wang, and Zhao	2012	Compared to the traditional structure, work autonomy enhances creativity and influences the innovativeness of organizations.
Deci, Ryan, Gagne, Leone <i>et al.</i>	2014	Work autonomy, along with competences and identification, is one of the key conditions for well-being and work-engagement.

Source: Compiled by the author

As may be seen in Table 2, work autonomy manifests itself as the right to make decisions, a sense of responsibility when the employees can make their own work-related decisions. Work autonomy is also concerned with the organization of work, i.e. the right to choose and influence the methods of work performance and the workplace.

The results of research into the autonomy as a control phenomenon also show that the more autonomy and flexibility employees have in terms of working time and duration, the more time they devote to work and manifest a high degree of involvement, Dr H. Chung (2015). The study by Y. Lott (2015) also confirms the trend that most overtime hours are recorded by allowing flexible organization of working time. On average, men work three hours more and women – two hours more per week. Having eliminated the working time limits completely, men work nine hours more, and women – four hours more per week. Flexible working conditions and work autonomy enable workers to work remotely, and that is precisely why people working overtime earn higher incomes.

Summarizing the insights presented, work autonomy, which is expressed through free decision to directly influence one's working time, place and methods, is associated with higher productivity, employees are innovative, and positive influence on self-motivation is observed. Employers provide multitasking opportunities that are suited to the individual needs of their employees, thus enabling the combination of personal and working time. Through flexible working conditions and autonomy, employees can make the most of their potential, which has also led to a change in the salary context, with higher incomes for those employees who are able to balance work with personal needs. In the face of today's highly dynamic market, adaptability and flexibility are indicators of competitive advantage.

1.3. The concept of competitive advantage

Examining the etymology of the word *competition*, it may be noticed that in Latin, *concurrentia* or *concurro*, means running together. In economics, this is defined as the competition between producers for more favourable farming conditions, product marketing and market positioning. It promotes economic and cultural development, forces to improve product quality (Lithuanian Dictionary, 2020).

The term *advantage* – preference taken over from French *avantage* – benefit, profit, priority (Kabašinskaitė, 2014). Based on the etymology of the concepts, one can notice that the essence of competitive advantage is to maintain strong market positions. When examining the depth of the concept under study, students' insights into the context in which the concept of competitive advantage is used more extensively (Table 3).

Table 3

Conception of competitive advantage

Author	Year	Definition
Alderson	1965	The company must develop unique advantages to stand out from the competition.
Hall, Henderson	1980, 1983	The need to create unique merchandise-specific benefits that will ensure a strong market position for the company.
Hamel, Prahalad, Dickson	1989, 1992	The company must create new competitive advantages in order to surpass its competitors.
Day and Wensley	1988	Have identified two main sources of long-term competitive advantage: exceptional skills, which are linked to the exceptional competencies of the company's staff, and exceptional resources that other companies do not have.
Aaker	2001	A company will have a competitive advantage when competitors cannot imitate it with their resources and competence.
Porter	2005	A competitive advantage is gained by providing the consumer with a higher value that is created by selling the product at a lower price, or higher price but with an added value that compensates for the higher price.
Romero, Martinez-Roman	2012	Education is highlighted as one of the key success factors of an organization.

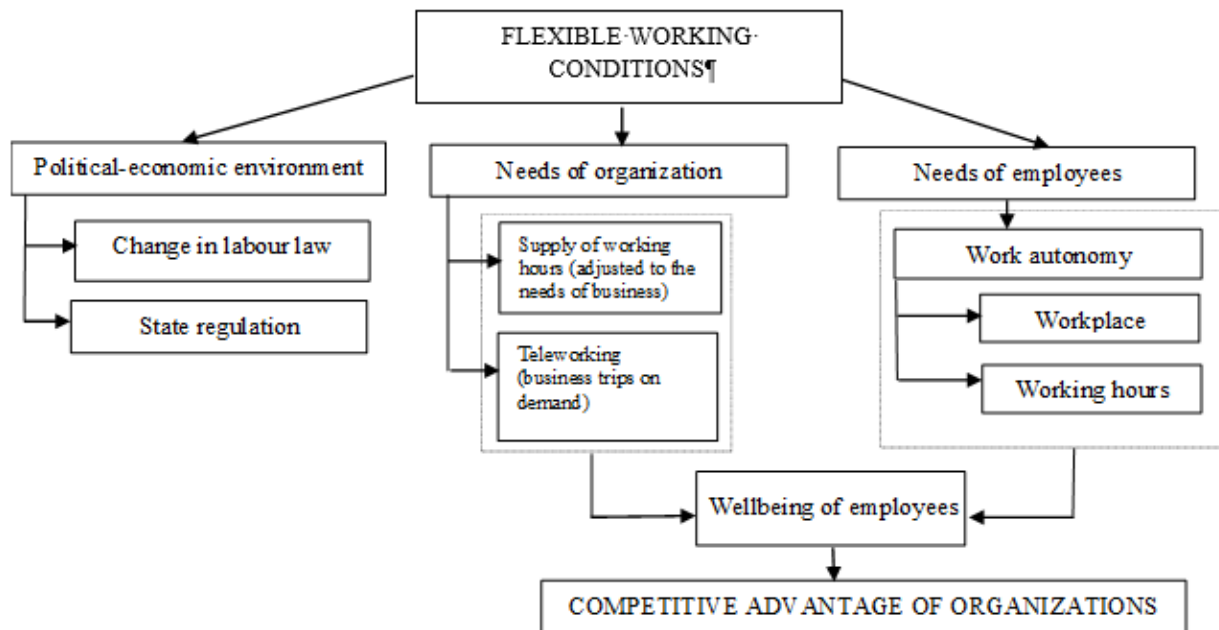
Source: Compiled by the author

As can be seen in Table 3, the main connecting point assuring a stable position in competitive battle among other organizations, is to be exceptional in all possible ways. That also means that every organization has to know their strengths and try to position and use them as an exceptional advantage.

1.4. The link between flexible working conditions and the competitive advantage of organizations

Analysing the specifics of flexible working conditions, it is noticeable that organizations thus seek to increase their competitive advantage by attracting the best talent (Shagvaliyeva, Yazdanifard, 2014). The specifics of HRM also change depending on the dynamics of the labour market; it is very important for organizations to attract the best talent and creative leaders, and there is a competition for employees among organizations. Not all organizations are able to offer the best conditions for their business needs, and the weaknesses of some organizations become a tool for competitors to take over their talents. Organizations strive to provide the market with quality services and goods, which is understood as a condition for economic success (Dereli, 2015). As market saturation makes product presentation more important to the target consumer than the product itself, generating and implementing original ideas becomes inevitable for economic success and consequently increases the competitive advantage of organizations.

Based on the insights of the researchers presented in the paper, a conceptual model (Fig. 4) is presented, which reflects the main aspects of flexible working conditions examined.



Source: Compiled by the author

Fig. 4. Conceptual model.

The model reflects the key points examined and leads to a constructive understanding of what flexible working conditions are and how their application affects the organization. In summary, the practice of applying flexible working conditions depends on three factors: the political-economic environment through state regulation and labour law; the business need of organizations; and the need of an individual employee. The first factor, through the legislative framework and various restrictions, can limit the ability of organizations to organize work processes as they wish. On the one hand, these applicable restrictions have a security function that sets maximum hours of work, limits on dismissals, or benefits and compensation in certain circumstances (maternity leave, disability, holidays or weekends).

Flexibility to the needs of an organization is manifested through the specifics of the business: when you decide to set up continuous production or customer service centres, employees work 24 hours a day, this also requires night work and shift work respectively. In this case, the supply of working time be an advantage as employees can choose and adapt working hours to their personal needs. However, this circumstance can also be a disadvantage, as the level of health and job satisfaction of employees in organizations with such a supply of hours is relatively low compared to organizations offering fixed hours.

The focus and benefits are on flexible working conditions that are adjusted to the needs of the employees. Job autonomy in terms of time and place is the biggest challenge for organizations and the greatest need for employees. The application of full work autonomy is not yet widespread, and this phenomenon is being adapted in part to reconcile business and employee needs. Lack of competence of management staff, as well as limited investment opportunities in innovative technologies, are perceived as obstacles to these problems, as their implementation provides transparent assessment of performance.

Conclusions

1. The analysis of work flexibility concepts has shown that this phenomenon is perceived from different angles, focusing on three contexts: *political/economic* – when it comes to law and regulation; *organizations* – related to the organisation's priorities and their adaptation to the competitive and market environment; *employee (individual)* – where the focus is on autonomy in terms of working time and place of work.
2. The disadvantage of teleworking practices is the lack of employee trust, which leads to ineffective communication and job evaluation.
3. Work autonomy through free choice to directly influence one's working time, place and methods is associated with higher productivity: employees are innovative and this has a positive effect on self-motivation. Employers provide multitasking opportunities that are suited to the individual needs of their employees, thus enabling the combination of personal and working time.

References

1. Alderson, Hall, Henderson, Hamel, Prahalad, Dickson, Day, Wensley, Aaker, Porter (1965-2005) Konkurencinio Pranašumo Samprata Ir Šaltiniai. Retrieved from http://distance.ktu.lt/kursai/verslumai/rinkos_aplinkos_tyrimai_II/116687.html
2. *Business Dictionary* (2019) Flexible work. Retrieved from <http://www.businessdictionary.com/definition/flexible-work.html>
3. Chung H. (2015) Flexible working: *The way of the future? Think Kent Talk by Heejung Chung*. Retrieved from <http://wafproject.org/flexible-working-video/>>
4. Costa G., Akerstedt T., Nachreiner F.. (2004) *Flexible Working Hours, Health, and Well-Being in Europe: Some Considerations from a SALTSA*. Retrieved from https://www.researchgate.net/publication/8085695_Flexible_Working_Hours_Health_and_Well-Being_in_Europe_Some_Considerations_from_a_SALTSA_Project>
5. Costa G., Akerstedt T., Nachreiner F., (2004). *Flexible Working Hours, Health, and Well-Being in Europe: Some Considerations from a SALTSA Project* Retrieved from https://www.researchgate.net/publication/8085695_Flexible_Working_Hours_Health_and_Well-Being_in_Europe_Some_Considerations_from_a_SALTSA_Project>
6. Deci E. L., Ryan R. M., Gagne M., Leone D. R., Usonov J., Kornazheva B., (2014) *Need Satisfaction, Motivation, and Well-Being in the Work Organizations of a Former Eastern Bloc Country: A Cross-Cultural Study of Self-Determination*. Retrieved from https://selfdeterminationtheory.org/SDT/documents/2001_DeciRyanGagneLeoneEtal.pdf>
7. Dex S., Scheibl F. (2001) *Flexible and Family-Friendly Working Arrangements in UK-Based SMEs: Business Cases* Retrieved from <https://onlinelibrary.wiley.com/doi/epdf/10.1111/1467-8543.00207>>
8. Europos Bendrijų Komisija (2006) "Darbo teisė modernizavimas įgyvendinant 21-ojo amžiaus uždavinį. Iš *Žalioji Knyga*. Briuselis, 22.11.2006KOM(2006) 708 galutinis Retrieved from [http://www.europarl.europa.eu/meetdocs/2004_2009/documents/com/com_com\(2006\)0708_/com_com\(2006\)0708_Lt.pdf>](http://www.europarl.europa.eu/meetdocs/2004_2009/documents/com/com_com(2006)0708_/com_com(2006)0708_Lt.pdf>)
9. Europos Sąjungos Taryba (2018) Atostogos ir lanksčios darbo sąlygos tėvams ir prižiūrintiesiems asmenims: Taryba susitarė dėl bendro požiūrio dėl profesinio ir asmeninio gyvenimo pusiausvyros direktyvos. Retrieved from <https://www.consilium.europa.eu/lt/press/press-releases/2018/06/21/leave-and-flexible-work-for-parents-and-carers-council-agrees-general-approach-on-the-draft-directive-on-work-life-balance/>

10. Eurostat (2018) Europe 2020 indicators - R&D and innovation Retrieved from: https://ec.europa.eu/eurostat/statistics-explained/index.php/Europe_2020_indicators_-_R%26D_and_innovation>
11. Eurostat (2018) Working from home in the EU Retrieved from <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20180620-1>>
12. Georgetown University Law Center (2010) *Flexible Work Arrangements: A Definition And Examples*. Retrieved from <https://scholarship.law.georgetown.edu/cgi/viewcontent.cgi?article=1009&context=legal>>
13. Nekrošienė A., Butkevičiūtė E. (2016) Telework in Lithuania: The concept, benefits and challenges to the employees Retrieved from https://www.researchgate.net/publication/318273903_Telework_in_lithuania_The_concept_benefits_and_challenges_to_the_employees>
14. Ivleva V. (2018) Lanksciu darbo sąlygų organizavimas Lietuvoje veikiančiose įmonėse ir organizacijose. Retrieved from http://www.lsadps.lt/images/failai/lankscios_darbo_salygos_metodines_rekomendacijos.pdf>
15. Jiang J., Wang, S., Zhao, S. (2012) *Does HRM Facilitate Employee Creativity and Organizational Innovation? A Study of Chinese Firms* Retrieved from https://www.researchgate.net/publication/241725532_Does_HRM_Facilitate_Employee_Creativity_and_Organizational_Innovation_A_Study_of_Chinese_Firms>
16. Kabašinskaitė B. (2014) Etimologijos matmenys Retrieved from file:///C:/Users/oksan/Downloads/2014_Etimologijos_metmenys.pdf>
17. Khurana R. Anteby M. (1953) *The Human Relations Movement*. Iš Harvard Business school. Baker Library. Historical collections. Retrieved from <https://www.library.hbs.edu/hc/hawthorne/>
18. Lietuvos Respublikos darbo kodekso patvirtinimo, įsigaliojimo ir įgyvendinimo įstatymas Nr. XII-2603, patvirtintas Lietuvos Respublikos Prezidentės 2016 m. rugsėjo 14 d Retrieved from <<https://eseimas.lrs.lt/portal/legalAct/lt/TAD/10c6bfd07bd511e6a0f68fd135e6f40c>>
19. Lietuvių Žodynas (2020) Konkurencija reikšmė. Retrieved from <https://www.lietuviuzodynas.lt/terminai/Konkurencija>>
20. Lott Y. (2015) *Costs and Benefits of Flexibility and Autonomy in Working Time: The Same for Women and Men?* Retrieved from https://www.researchgate.net/publication/274706026_Costs_and_Benefits_of_Flexibility_and_Autonomy_in_Working_Time_The_Same_for_Women_and_Men>
21. Marescaux E., Winne S. (2017) *How to Allow Flexible Work Without Playing Favorites*. Iš *Harvard Business Review*. Retrieved from <https://hbr.org/2017/08/how-to-allow-flexible-work-without-playing-favorites>
22. Patterson M., Warr p., West m. (2004) *Organizational climate and company productivity: The role of employee affect and employee level*. Retrieved from <https://bbs.pku.edu.cn/attach/82/a8/82a87209ed1ddf6a/13705862.pdf>>
23. Reno R.R., Cialdini R. B., Kalleghren C. A. (1991) *A Focus Theory Of Normative Conduct: A Theoretical Refinement And Reevaluation Of The Role Of Norms In Human Behavior*. Iš *Advances In Experiment Social Psychology*, Vol 24 Retrieved from <http://www.influenceatwork.com/wp-content/uploads/2015/05/A-Focus-Theory-of-Normative-Conduct.pdf>
24. Report By Workatworl (2015) Trends in workplace flexibility Retrieved from <https://www.worldatwork.org/dA/10dc98de55/Trends%20in%20Workplace%20Flexibility%20-%202015.pdf>>
25. Romero I, Martinez-Roman J. (2012) *Self-employment and innovation. Exploring the determinants of innovative behaviour in small business*. Retrieved from https://www.researchgate.net/publication/251503522_Self-Employment_and_Innovation_Exploring_the_Determinants_of_Innovative_Behavior_in_Small_Businesses>
26. Sgroi D. (2015) *Happiness and Productivity: Understanding the Happy-Productive Worker*. Iš *SMF-CAGE Global Perspectives Series October 2015*. Retrieved from https://warwick.ac.uk/fac/soc/economics/staff/dsgroi/impact/hp_briefing.pdf>
27. Shagvaliyeva S., Yazdanifard R. (2014) *Impact of Flexible Working Hours on Work-Life Balance*. Iš *American Journal of Industrial and Business Management*. Retrieved from https://www.researchgate.net/publication/260219489_Impact_of_Flexible_Working_Hours_on_Work-Life_Balance>
28. Tamašauskaitė G. (2013) Nuotolinio darbo teisinis reguliavimas iš Teisė 2013. Retrieved from <http://www.zurnalai.vu.lt/teise/article/view/1910/1148>>
29. Urbach T., Fay D., Goral A. (2010) *Extending the Job Design Perspective on Individual Innovation: Exploring the Effect of Group Reflexivity*. Retrieved from https://www.researchgate.net/publication/229545927_Extending_the_Job_Design_Perspective_on_Individual_Innovation_Exploring_the_Effect_of_Group_Reflexivity>
30. Wiryakusuma C., Chai H., Alex King A. Pointer G. (2017) *How We Nudged Employees to Embrace Flexible Work*. *Harvard Business Review*. Retrieved from <https://hbr.org/2017/11/how-we-nudged-employees-to-embrace-flexible-work>