



MY Work, MY Future

EMBRACING THE
WINNING FORMULA FOR
FLEXIBLE WORK ARRANGEMENTS

TalentCorp
ATTRACT • NURTURE • RETAIN

foreword

THE WINNING FORMULA: BUILDING BETTER HUMAN CAPITAL FOR THE NATION

One of the central themes of the Eleventh Malaysia Plan, which charts Malaysia's final leg of our journey towards Vision 2020, is *anchoring growth on people*. This acknowledges that the country, together with companies in Malaysia, should focus on promoting inclusiveness and create more opportunities for all, improving the well-being and engagement of our workforce, and ultimately delivering better productivity and growth for the nation. This is a crucial platform to ensure that Malaysia transitions to a knowledge and innovation based high-income economy.

Towards this, Talent Corporation Malaysia (TalentCorp) published the Talent Roadmap 2020 to set out the plan for Malaysia to achieve its aspiration of becoming a top 20 global talent destination by 2020. It details the substantial steps already taken in developing Malaysian talent, and how our substantial investments, improved living standards and promotion of multiculturalism have catalysed the creation of an ecosystem allowing talent to thrive in Malaysia.

To continue this momentum, the Talent Roadmap 2020 highlighted that Malaysia needs to optimise its own talent, especially through platforms that will reach out and empower talent through an inclusive, equitable and diversity-focused agenda.

This agenda has inspired TalentCorp to think about the changing face of the workforce, as well as the evolving ways in which we work, which is largely driven by **Flexible Work Arrangements** – also known as FWAs. TalentCorp plays an important nation-building role in promoting the adoption of FWAs in the Malaysian corporate scene through extensive private and public partnerships, and have implemented initiatives to support this such as the LIFE@WORK Awards.

FWAs, far from being a passing trend, represent the future of how work is done and what the workforce of the future expects. Organisations benefit from FWAs through higher engagement and satisfaction rates from their employees, and also in their bottom lines. A study by EY found that the increased adoption of FWAs in companies in Australia could have resulted in the creation of USD1.4 billion of value in increased productivity¹.

We have worked closely with many organisations to successfully implement FWAs, and over the years we have distilled the '**Winning Formula**' on coming to a win-win situation for FWAs to work for both employers and employees, and the nation itself. This publication aims to showcase companies in Malaysia who have taken up the challenge and invested their time, effort, and resources to implement FWAs successfully, and achieved improved employee engagement and business productivity.

Source:

¹ *Untapped Opportunity - The role of women in unlocking Australia's productivity potential (EY, 2013)*

introduction

FLEXIBLE WORK ARRANGEMENTS

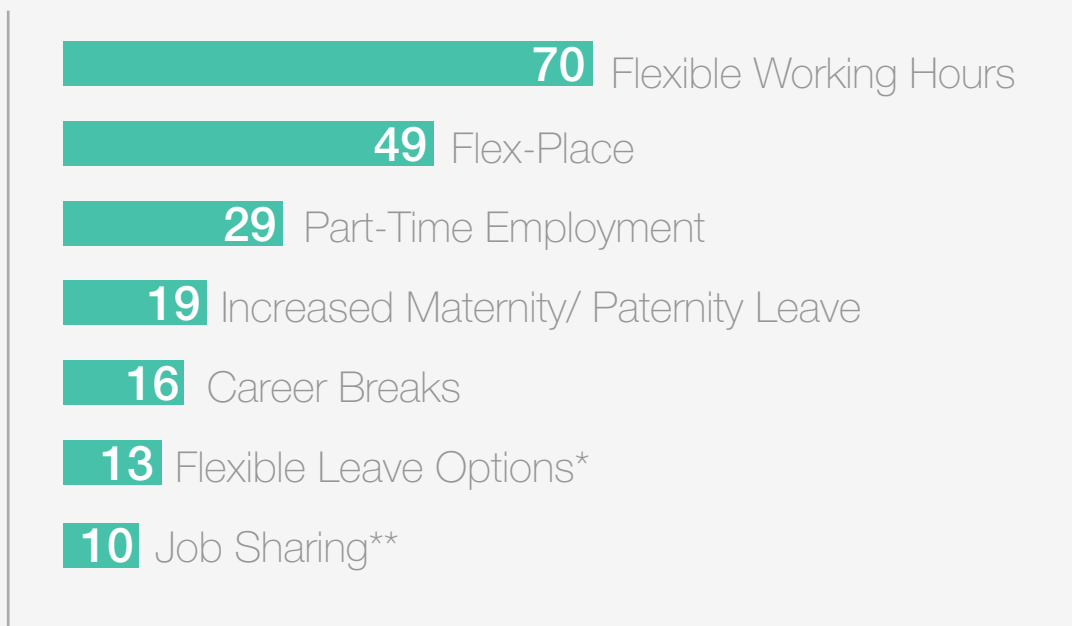
MORE THAN JUST WAYS TO MEET THE NEEDS OF THE FUTURE WORKFORCE

They are philosophies of productivity maximisation and employee engagement which offer tools and practices for organisations to build a better working world.

As varied as FWAs are, they all share many things in common: they are centred on performance and productivity, and ultimately build trust between employers and employees, keeping the interests and well-being of both parties aligned – which is why leading companies all over the world are embracing FWAs in their organisations.

TYPES OF FWAs OFFERED BY ASIAN EMPLOYERS

FWA PRACTICE TYPE



Source: Hays Asia Salary Guide (Hays PLC, 2016)

ADOPTION RATE OF FWA (%)

* Flexible Leave Options – A type of FWA which allows employees flexibility in relation to their leave entitlement and arrangements, including annual leave at half pay or purchased additional leave.

** Job Sharing – A type of FWA which allows two or more part-time employees to jointly perform a full-time job while sharing the remuneration.

FWAs by the numbers

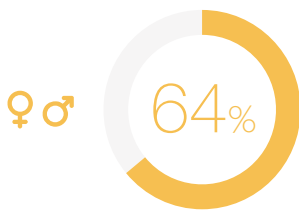
PRODUCTIVITY

Organisations globally recognise that FWAs have had positive effects on staff and productivity.

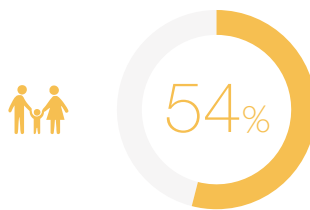


PREFERENCE

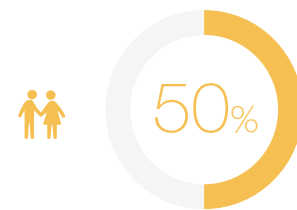
Employers and employees are increasingly expressing preference for FWAs as a working practice in their organisations.



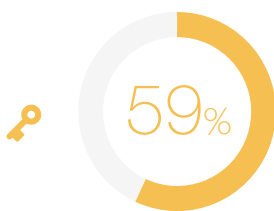
of both women and men report that they have used FWA options during their career²



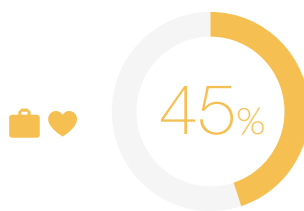
of top talent with children regard FWAs as very or extremely important²



of top talent without children regard FWAs as very or extremely important²



of employers feel that work-life balance support such as FWAs is a key element in building a healthy workplace culture³



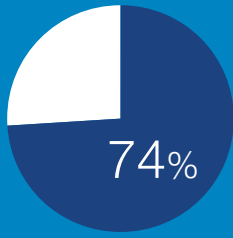
of employees look for work-life balance when considering whether to stay or leave⁴

Sources:

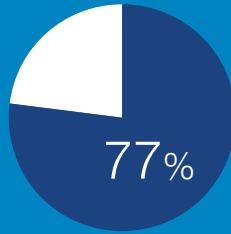
² *The Great Debate: Flexibility vs. Face Time* (Catalyst, 2013)

³ *Employee Health and Business Success Report* (Willis Towers Watson, 2016)

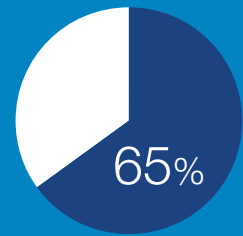
⁴ *Hays Asia Salary Guide* (Hays PLC, 2015)



believe that FWAs speed up **decision-making** and **foster creativity**



believe that FWAs help develop greater sense of **responsibility** and **time management**



believe that FWAs improve the **quality of decision-making**

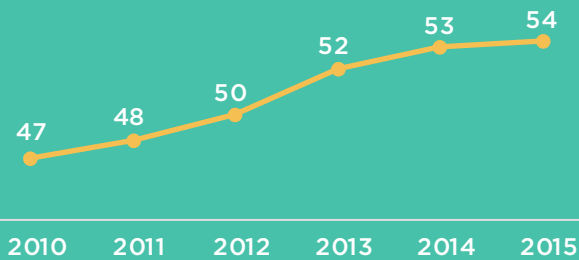
Sources:

1 *The Flexible Road to Workforce Productivity* (Regus, 2013)

PARTICIPATION

The adoption of FWAs has moved the needle in ensuring equal access to workplaces and boards.

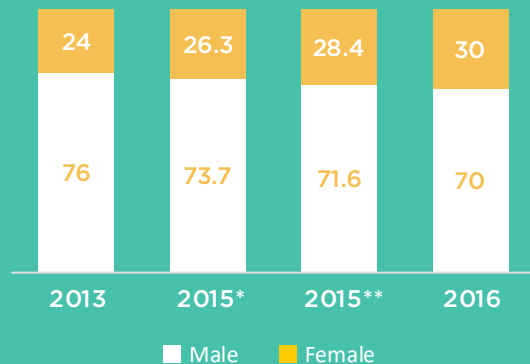
Malaysia Female Labour Participation Rate (%)⁵



Since 2010, Malaysia's Female Labour Participation Rate has grown by 7.3%, with an impact of +0.3 percentage points to GDP growth per annum.

However, more needs to be done to meet our goal of 59% by 2020.

Composition of Women in Decision-Making Positions in Malaysia (%)⁶



Since 2013, the composition of women in decision-making positions in Malaysian companies has grown by 4.4%, close to the 30% target set for 2016.

* represents all PLCs in Malaysia

** represents the top 100 PLCs, constituting 82% of total market cap

Sources:

5 *Labour Force Survey Report* (Department of Statistics Malaysia, 2015)

6 *Diversity in the Workplace 2015* (TalentCorp, 2015)

Making progress
OUR MILESTONES

Fourth LIFE@WORK Awards

OCT 2016

AUG 2016

YAB PM highlights importance of employers implementing FWAs and examples of best practices during Hari Wanita 2016 speech

Malaysia commended for TalentCorp's Career Comeback programme during the Global Women's Summit 2016 in Warsaw, Poland

JUN 2016

Female Labour Participation (Malaysia, 2015)¹ **54%**

Third LIFE@WORK Awards

SEP 2015

SEP 2015

Release of the second TalentCorp-PwC diversity & inclusiveness survey of public listed companies

Launch of Career Comeback Grant

MAR 2015

Female Labour Participation (Malaysia, 2014)¹ **53%**

Budget 2015 announcement by YAB PM: Grant of RM10 million for women returning to the workforce

OCT 2014

SEP 2014

Second LIFE@WORK Awards

Launch of TalentCorp HR Network and Diversity Advocates

AUG 2014

APR 2014

Launch of Women in Leadership Malaysia programme in collaboration with ICAEW

Release of the first TalentCorp-PwC diversity & inclusiveness survey of public listed companies

APR 2014

JAN 2014

FWA toolkits made available for public use

Female Labour Participation (Malaysia, 2013)¹ **52%**

OCT 2013

Budget 2014 announcement by YAB PM: Double taxation incentive for companies implementing FWAs

Launch of flexWorkLife.my & inaugural LIFE@WORK Awards

APR 2013

APR 2012

Launch of Talent Roadmap 2020 which highlighted optimising Malaysian professionals as a key strategic thrust

Female Labour Participation (Malaysia, 2012)¹ **50%**

Female Labour Participation (Malaysia, 2009)¹ **46%**

Source:

¹ Labour Force Survey Report (Department of Statistics Malaysia, 2015)

The Winning Formula

FWAs have taken the world by storm. 75% of companies globally¹ were reported to have introduced FWAs to enable employees to vary their hours and use the latest technology to work remotely.

The study also indicated that 58% of the organisations who introduced FWAs have seen their profits increase since introducing various FWA practices.

Despite this, FWAs have yet to be truly embraced by most Malaysian employers. In a 2015 Diversity in the Workplace study², less than 35% of the 130 listed organisations surveyed offered some form of FWA practices while 10% of them

plan to enhance or implement FWAs within the next year.

This makes the organisations participating in our LIFE@WORK Awards so special – they have bucked the trend and invested their time, effort and resources into championing and implementing FWAs in their organisation with success. Crucial to this success is a number of key components in what we like to call, the '**Winning Formula**'.

And this winning formula is what we are excited to share with you in the next section. We hope that you will be as inspired as we are on the progress Malaysian companies have made.

Sources:

1 *Flexible: Friend or Foe Study (Vodafone, 2016)*

2 *Diversity in the Workplace 2015 (TalentCorp, 2015)*

01 Drive Productivity Through Flexibility

FWAs and their impact on productivity

02 Walk Before Running

FWAs and the minimisation of work disruptions via a cautious adoption

03 Keep People In & Costs Managed

FWAs and their impact on an organisation's bottom line

04 Think Beyond Gender

FWAs and its value to multiple employee segments

05 Practice & Policy Makes Perfect

FWAs and the benefits of formalisation

the winning formula

01 DRIVE PRODUCTIVITY THROUGH FLEXIBILITY

Productivity and flexibility are positively correlated, according to employers and employees alike. Companies implementing some form of FWAs, such as flexi- or staggered hours report increased productivity amongst employees on such arrangements.

A survey conducted of 200 Fortune 100 companies globally¹ showed that participation in some form of FWAs yielded positive results for employee productivity – where 58% of employers reported that the productivity of employees had increased while on a FWA (telecommuting).

This positive effect may be attributed to the fact that strict working hours induce stress amongst employees, which affects creativity and productivity. Stress and burnouts were estimated to have cost German employers USD10-13 billion in annual output².

Another reason for the positive effect on productivity may be that employees on FWAs are less distracted and take fewer breaks.

Ultimately when an employer's focus shifts from rigid schedules to work being done, employees can focus on meeting deadlines and delivering high quality work, and not on waiting for the timer to go off at 5pm.

Sources:

¹ Bureau of National Affairs Survey (Bloomberg BNA, 1995)

² German Labour Department Figures (2012)

Myth:

FWAs are luxury perks offered by 'young companies' and do not offer much in the way of business value.

Fact:

There is ample research drawing a connection between productivity and adoption of FWAs.

SIEMENS

SPOTLIGHT: SIEMENS MALAYSIA

In 2012, Siemens Malaysia launched a "Work from Home" programme to encourage and promote a sense of greater work-life balance amongst employees as well as to improve employee engagement and retention.

The "Work from Home" programme provide employees with the alternative of working in their preferred working conditions away from the office one day a week, with secured access to the company's server.

Since its implementation, Siemens Malaysia has been reaping the benefits resulting in improvements in employee engagement survey scores as well as improved attrition rates from 14% in 2011 to 6.5% in 2015.



SPOTLIGHT: DELL MALAYSIA

Dell practises several FWA options that include the creation of hybrid flexible work schedules, remote work or connected work model, and flexible time-off options, both formal & informal. These FWAs were offered to several departments including teams supporting regional/global clients, those leading regional/global teams or running regional/global projects, support teams – where FWAs make the most sense and enabled the most productivity from employees.

In 2015, as part of Dell's annual employee survey, 92% of employees surveyed felt that their leadership team has given the flexibility needed for work-life balance.

the winning formula

02 WALK BEFORE RUNNING

Employers, finding it risky to trust their employees with the responsibility of working independently, have chosen to hedge their bets by walking before running, e.g. piloting FWAs with trusted employees with high performance track record.

Employers can also mitigate any perceived risks of FWAs by ensuring that there is conversation between both parties on FWA practices.

“Will it help your productivity?”, “Do you work well independently?”, “Will it have any adverse effects on colleagues and clients?” are some helpful questions to ask when deciding if a FWA practice is in the best interests of all parties.

To overcome the possibility of an abuse, both manager and employee should agree on expectations and measurements of success first. Having employees specify what they seek to accomplish at the end of every week will go a long way in ensuring that employees remain accountable for their deliverables and outcomes, while motivating them to achieve more.

Ultimately, employers and employees should engage in constant discussions revolving around the effectiveness of FWAs and adapt where required. After all, all parties must be aware that flexibility is not a right, but a sign of commitment and trust.

Myth:

FWAs will be abused by employees.

Fact:

There are plenty of affordable and simple methods to prevent abuse of FWAs.



SPOTLIGHT: IBM MALAYSIA

IBM has a vast array of FWAs from compressed work-weeks to shift swapping, all of which requires a conversation between the employee and his/her manager to ensure that the selected FWA practice is in the best interests of both parties.

Such checks and balances in place allowed IBM to successfully implement FWAs, keep employee engagement high, and also win a number of awards including the 2011 PM CSR Award for “Family Friendly Workplaces”.



SPOTLIGHT: INTEL MALAYSIA

Intel adopts a risk mitigating approach when it comes to certain FWAs such as reduced/part-time work. The FWAs are only eligible to employees who have demonstrated good performance and track record and have shown the ability to work without close supervision.

This check and balance approach was contributory to a ‘win-win’ situation – where Intel recorded an impressive 73% employee engagement score in 2014.

the winning formula

03 KEEP PEOPLE IN & COSTS MANAGED

Far from incurring actual costs, organisations implementing FWAs are recording savings through proper planning, constant communication and alignment between line managers and employees.

Additionally, FWAs can improve an organisation's bottom line. One area of savings is through retention. Top employees going through new phases in life, such as starting a family, are happy to stay in companies that choose to adapt to their evolving circumstances by offering them FWAs. This reduces the need to recruit and train new employees - a win situation for the employer.

According to a study by the Center for American Progress¹, the cost of replacing an employee ranges from 10-30% of their annual salary. This cost can even spiral up to 213% for C-suite positions. This builds a strong case for making employee retention strategy a top priority.

Another area of savings is by reducing tardiness and absenteeism. The Malaysian Employers Federation (MEF)² estimates that absenteeism costs local companies RM6 billion annually in lost productivity. To counter this, companies have adopted some form of FWAs that allow employees to shift their working commitments around personal schedules, and reduce absenteeism and truancy. A study conducted by the Women in Management Review² indicated that 63% of workers said that they would be absent less if offered some form of FWAs.

With proper planning, FWAs can be implemented without a price tag attached. If monitored and executed carefully, it can benefit an organisation's bottom line.

Sources:

- 1 *There Are Significant Business Costs to Replacing Employees* (Center for American Progress, 2012)
- 2 *MEF Survey* (Malaysian Employers Federation, 2014)
- 3 *The Work/Family interface at Royal Bank Financial Group: Successful Solutions* (Women in Management Review, 1999)

Myth:

FWAs are usually expensive to implement.

Fact:

FWAs, if implemented correctly, can help companies save costs.



SPOTLIGHT: CIMB GROUP

CIMB implemented a Staff Rejuvenation Programme (SRP) in 2009 to allow employees to take one to six months no-pay leave without affecting their seniority or job security. SRP was put in place to provide employees, especially women who were mostly primary caregivers, with work-life flexibility. At the same time, it helped the organisation to engage its employees.

Since the implementation, more than 700 employees have taken up the SRP. In many instances, it has helped employees, who needed a short break, to tide over the challenging period due to family and personal needs.



SPOTLIGHT: PWC MALAYSIA

PwC first considered implementing FWAs to retain young mothers who are strong performers.

Recognising that FWAs are an important value proposition to the younger workforce, PwC made various FWA options available to employees, and continued to enhance the programme, including introducing "Career Break", "Time-Out" and "FlexSpace", which contributed to an increased take-up rate and employee engagement scores (from 65% in 2011 to 71% in 2016).

the winning formula

04 THINK BEYOND GENDER

The truth is that FWAs are beyond gender. It has value to women, men, those with children, those without children and people with disabilities (PWD).

A global report by Catalyst¹ indicated that both women and men equally value FWA options. 67% of women and 46% of men reported that they perceive FWAs to be either very or extremely important. The report also indicated that an equal proportion of men and women utilised some form of FWAs throughout their career.

This phenomena is largely due to the fact that demographics in labour participation have changed. In Malaysia, 54.1% of women are now in the workforce, a record high; and with increased education and rights afforded to women, men are also taking a fair share of responsibilities in the home.

Additionally, FWAs are not simply used by working parents to juggle work and their families, but are

equally as important to those without children. Catalyst found that 50% of top talent without children surveyed reported that FWAs are extremely important to them, similar to the 54% of top talent with children. It is now a fact that the new workforce have different career priorities, and FWAs allow the alignment of these priorities to that of employers.

Going further, FWAs open up a world of opportunity for other employee segments such as PWD. By slightly tweaking the way work is scheduled or how the workplace is organised, PWD employees are able to maximise their value to an organisation while having meaningful employment.

Therefore, FWAs are practices that benefit and are widely valued by all. Applying an equal hand in FWAs is the key to unlocking employee potential.

Source:

1 *The Great Debate: Flexibility vs. Face Time* (Catalyst, 2013)

Myth:

FWAs are exclusively geared towards women.

Fact:

FWAs have value to virtually every employee demographic.



SPOTLIGHT: GAMUDA BERHAD

Gamuda rolled out an initiative to create sustainable career opportunities for individuals with autism. Aptly named "Project Differently-Abled", its objective is to harness the unique skills and competence of these individuals so that they are able to thrive in a workplace setting. Their strengths and interests are profile-mapped to ensure the right fit for their roles.

The 16 employees who are thriving under this project are testimony to the fact that with proper support, these individuals can lead fulfilling lives with meaningful careers.



SPOTLIGHT: TELEKOM MALAYSIA BERHAD

TM has a large number of FWAs which are provided to employees regardless of gender. For example, parents are allowed to be on a school holiday work arrangement in order to take care of their children.

In VADS, TM also has a comprehensive PWD-friendly programme, STEP-UP, to ensure that PWD employee welfare is taken care of.

The take-up rate for these FWA practices has been encouraging with more than 50% employees reported to have higher productivity and morale.

the winning formula

05 PRACTICE & POLICY MAKES PERFECT

Many established organisations choose to start out with informal practices when it comes to FWAs, and soon move to formalised policies to ensure consistency and maximise its benefits.

As FWAs are piloted and modified after their infancy stage, formalising FWA practices is usually the next step as there are many benefits attached to that move.

Once formalised, employees will have clear guidelines and set common expectations on the FWA principles practised in the organisation. Very often if FWAs are practised informally, employees tend to be unsure and unaware of such practices. This leads to an avoidance of such practices due to perceptions of it being career limiting. Informal FWAs also risk abuse by employees who regard FWAs as an unspoken right rather than a privilege which can be rescinded.

Therefore, making FWAs official within the organisation will encourage employees to embrace it responsibly. Employees will also have clear guidance on applying for such company benefits. At the same time, employers will benefit from an agreed upon policy, should any conflict arises.

In addition, employers would be able to differentiate themselves from other companies during recruitment. A report by the International Foundation of Employee Benefit Plans¹ indicated that Gen Y employees often lead active lifestyles, and appreciate flexible options and benefits. Hence, FWA policies would provide employers with a competitive advantage.

Formalised FWA policies increases their visibility, and signals to employees that they are recognised as part of an organisation's culture.

Source:

¹ *Engaging Millennials in Workplace Wellness Benefits magazine* (International Foundation of Employee Benefit Plans, 2015)

Myth:

FWAs should remain as informal arrangements.

Fact:

Organisations can start with informal arrangements and move to formal ones when adoption has stabilised.



PETRONAS

SPOTLIGHT: PETRONAS

In line with the PETRONAS Global Talent Strategy, PETRONAS has enhanced their policies and successfully introduced several new initiatives.

For example, flexible working hours options of starting work at 7am-9am and ending between 4pm-6pm have already been successfully implemented, with plans to further extend the flexibility in 2017. This in part has contributed to the increase in female participation in the top management from 16% (2012) to 24% to date.



SPOTLIGHT: MAYBANK GROUP

Long established organisational beliefs and a highly unionised environment (with 6 Unions nationwide) made implementation of FWA policies challenging.

However, individual cases were approved in a ring-fenced approach two years before the current FWA Policy was formalised in 2013. Take-up rates have steadily increased, with women making up 66% of the take-up. Maybank's employee engagement scores remain high (85% in 2014) and key retention rate rose from 52% in 2009 to 85% in 2015.

Summing Up

The working world continues to evolve and FWAs are necessary for organisations in order to have a competitive edge while catering to changing societal norms and family dynamics.

Your organisation can stay ahead of the curve by adopting FWAs in your work practices, whether formally or informally, quickly or by taking baby steps.

We hope that the components in our **'Winning Formula'** will help you in your journey. Remember:

01 Drive Productivity Through Flexibility

02 Walk Before Running

03 Keep People In & Costs Managed

04 Think Beyond Gender

05 Practice & Policy Makes Perfect

When you find yourself ready to take the next step, please reach out to TalentCorp for assistance – we will be more than happy to partner you in your endeavour to build a better working world for your organisation.



BE AHEAD OF THE PACK

Are you inspired by the leading companies featured at LIFE@WORK? Do FWAs interest you and your organisation? Looking to further enhance your FWA practices?

Contact us to discuss your interest and needs at flexworklife@talentcorp.com.my and join us at next year's LIFE@WORK Awards.



To find out more about FWAs and Career Comeback programmes, as well as other related TalentCorp initiatives, visit talentcorp.com.my

LIFE@WORK Awards 2016 - at a glance

- 29** Participating Companies
A Record High
- 13** Industries Involved
From Energy to Construction
- 75k** Employees
in participating Companies

WINNERS OF LIFE@WORK AWARDS

2013

Top 3 employers that promote diversity, work-life integration and flexible work arrangements



Good Food. Good Life



2014



Best Malaysian Organisation



Best International Organisation



Best Lean Organisation



Best New Initiative



Making A Difference



CEO Champion
Sridharan Nair

2015



Best Malaysian Organisation



Best International Organisation



Best Lean Organisation



Best New Initiative



CEO Champion
Datuk Johan Idris

2016



Platinum Winner



Best Malaysian Organisation



Best International Organisation



Best Lean Organisation



Best Initiative



CEO Champion
Chong Chye Neo

Are you
on board?

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EY assisted in a joint project, and the results of EY's work are included in this publication.

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