Flexible Working Arrangements and Human Capital Development in Organizations: Key Issues

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Abstract:
Employees involved in the production of both goods and services are notably any organization’s most valuable assets. Organizations are continually striving to develop their employees’ human capital. Human capital development involves those activities focused on advancing the most par excellent workforce, to ensure that the organization and individual employees achieve their work goals and is concerned with activities related to the experience, skills, training, knowledge, education, competences and technical know-how contributed by humans to an organization. Hence, human capital development could be in the form of general training which enables acquisition of general or specific knowledge, competencies and skills for the improvement of a particular job, improving the health conditions of employees, or improving working conditions by using more efficient and innovative working arrangements. Flexible working arrangements (FWAs) are atypical work patterns which take into account the demands of employees, particularly in terms of balancing work and personal life and allowing an employee to choose when and where to work normally outside the traditional typical pattern of arriving at the workplace by 8am and leaving at 4pm daily. It includes the following: flexible working hours, flexi-time, part-time work, overtime, job sharing, teleworking etc. This paper looks at key issues that arise from embracing flexible working patterns as forms of improving work condition for human capital development. The ecological systems theory with its two guiding propositions which state that individuals develop through prolonged interaction with others and that immediate and distant environments influence this development is applied as the theoretical framework. Library research involving analytical discussion of secondary data is adopted as the methodology. It is recommended the issues encountered from imbibing flexible working arrangements in organizations should be considered and tackled to ensure that the benefits of Flexible work arrangements (FWAs) for human capital development are properly harnessed.

Keywords: Telework, Flexible Work Arrangements (FWAs), Human Capital Development, Ecological Systems Theory.
Introduction

Organizations are continually striving to ensure that their human capital – the organizations’ most valuable assets saddled with the job of navigating the affairs of the organizations - are adequately equipped with the necessary skills and competences that will enable them manage both their lives and jobs with reduced or significantly non-existent work-life conflict in the fast eroding and transforming traditional work structures. They do this by adopting work measures, patterns and structures that will enable them compete effectively and efficiently in this era of intense technological advancements. The emergence of internet-enabled on-demand economy, the rise of IT-based work platforms that support new distributions of work tasks, the convergences of mega-trends including digital disruption, artificial intelligence, smart industry, and global connectivity are all redefining the landscape of work (Ramunė, Milita, & Rūta, 2018). Technological advancements have facilitated the digitization witnessed in the workplace, which has not only initiated radical changes in the human experience of work, but has equally brought about diverse options to the how, when and where employees’ performance is obtained in the organization. There has been notably recent significant change away from the normal or standard working schedules to atypical, non-standard work schedules known as flexible work arrangements (FWAs).

Alqasa and Noor (2022) define flexible work arrangements (FWAs) as policies and procedures that permit employees to vary their workplace, time, or effort, i.e., when, where, and for how long they accomplish their job responsibilities which significantly gives them the freedom and options to respond to changing circumstances. Flexible work arrangements include flexible working hours, flexi-time, part-time work, overtime, job sharing, teleworking, shift and weekend work etc and are seen by Paull, Omari & Sharafizad, (2009) as fundamental workplace mechanisms for attracting, retaining and progressing the best and the brightest on one hand; and on the other, as tools to rationalize the workforce and organizational costs. Austin-Egone, Iheriohanna and Iheanacho (2021) aver that the transition of tens of millions of people to remote work during the Covid-19 pandemic lockdown led to numerous amazing discoveries that aided the advancement of work flexibility from a basic desirable perquisite to a very significant corporate practice that is gaining more prominence and popularity even after the pandemic lockdown.

Flexible work practices are recognized to be attractively supporting continuing education and training (Ramunė, Milita, & Rūta, 2018) and as such could be said to be equally supporting human capital development which refers to activities related to the skills, training, experience, education, knowledge, technical know-how and competences contributed by humans to an organization. Bearing in mind that we are in a century of technological advancement where any organization that wants to grow to a satisfactory cum optimal level of performance has to keep both its technologies and employees updated, this paper seeks to examine the key issues that arise from embracing flexible working patterns as forms of improving work condition for human capital development. Therefore, the general question this paper seeks to answer is: what are the keys pertinent issues that emanant from the implementation of flexible working arrangements with regards to human capital development in organizations?

Other research questions are

1. How does implementing flexible working arrangements affect an organizations human capital development?
2. How are human interactions which influence human capital development affected by flexible working arrangements?
3. How does an employee’s ability to choose where, when and how he works affects human capital development?

The general objective of the paper is to highlight the keys pertinent issues that emanant from the implementation of flexible working
arrangements with regards to human capital development in organizations?

The specific objectives are to:

1. Investigate how implementing flexible working arrangements affects an organization's human capital development.
2. Investigate how human capital development obtained from interpersonal interaction is affected by flexible working arrangements.
3. Investigate how an employee's ability to choose where, when and how he works affects human capital development.

The methodology adopted in this discourse is library research involving analytical discussion of secondary data. This approach is adopted since the focus is on general principles relating to flexible working arrangements vis-a-vis employees and human capital development as necessitated by world-wide explosive technological transformation.

Conceptual Clarifications

A. Flexible Work Arrangements (FWAs)

Orishede and Ndudi (2020) define flexible work arrangements as those employment arrangements that permit employees to change, their work schedule, the number of hours they work or the location where they do their work, or to take leave from work, either on a permanent or temporary basis, to meet responsibilities outside of work. They are used to describe any role that does not conform with the conventional 8-to-4, five-day work week structure (Austin-Egole, Iheriohanma and Iheanacho, 2022), can be temporal or spatial (Shockley & Allen, 2007) and include the following: flexi-time, part-time work, overtime, job sharing, teleworking, shift work, weekend work, annual hours, annual hours’ contracts, fixed-term contract, compressed working weeks, temporary/casual work (Stavrou, 2005). Below is a brief definition of some of these FWAs:

a). flexi-time – This FWA allows full-time workers to choose when to start and finish work (ILO, 2011).

b). part-time work - allows employees to work fewer hours weekly than the standard workweek (Zeytinoglu, Cooke, & Mann, 2009).

c). overtime - are additional working hours that are above standard workweek hours (International Labour Organization, ILO, 2011).

d). job-sharing - basically entails splitting of work between two employees in such a way that their joint weekly work hours equal the standard week working hours of one employee (Kotey & Sharma, 2016).

e). telework – also known as telecommuting, home working, anywhere working, e-work, distributed work arrangements, virtual work or mobile work involves employees performing work that could have been done within the employer’s / organization’s premises outside these premises on a voluntary basis from remote locations with the aid of technology devices such as internet, e-mail and telephone or any workable electronic gadget. (Mamaghani, 2012).

f). shift work - allows for continuous production as workers are given different time periods (shifts) to work during one day (Kerin & Aguirre, 2005).

g). weekend work - allows employees to extend their work hours to the weekend to enable them take time off during the rest of the week (Stavrou, 2005).

h). annual hours contract - is an agreement between the employer and employee specifying the number of hours the employee is required to work annually (Stavrou, 2005).

i). fixed-term contracts - these are short or long-term employment contracts with a specific duration of time (De Cuyper, De Witte, & Van Emmerik, 2011).

j). compressed work week - involves a less than the standard five days working week, but requires that employees work increased work hours during each workday while achieving same or better performance (Baltes, Briggs, Huff, Wright & Neuman, 1999).

k). temporary/casual work – this is an employment agreement for a limited short period of time (Thomas - Wandera, 2011)
Dalton and Mesch (1990) highlights the benefits of flexible work arrangements to include increased productivity, reduced absenteeism, reduced hostility towards management, reduced overtime expenses, reduced traffic congestion around work sites and increased autonomy and responsibility for employees, all of which are known to increase employee satisfaction and invariably performance. A major limitation of flexible work arrangements is that although the policies are supposed to be gender neutral, they seem in practice to be revolving around making the working conditions of women easier (McDonald, Guthrie, Bradley and Shakespeare-Finch (2005), leading to resentment of these women seen as the recipients of special treatment. Following the assertion of Possenriede and Plantenga, (2011) that flexible time, teleworking, and part-time work are the most significant FWA patterns, attention will be focused on examining the effects of teleworking on human capital development.

Human Capital Development

Ogunleye, Sanyaolu, and Lawal (2017) aver that the most valuable assets in both developed and developing countries are humans known as human capital and comprises of employees involved in the production of goods and services. Prachi (2017) posits that the word “Human Capital” was introduced by A. W. Lewis in “Economic Development with Unlimited Supplies of Labour” and refers to employees’ collective stock of skills, knowledge, attributes and expertise which play significant roles in increasing the organizational productivity. Marimuthu, Arokiasamy and Ismail (2009) refer to human capital as the expertise, knowledge as well as the skill one amasses through education and training while the Organization for Economic Co-operation and Development (OECD) (2001) summarizes human capital as the knowledge, competencies, skills and attributes encapsulated in individuals that assist in the formation of personal, social and economic well-being (Organization for Economic Co-operation and Development (OECD), 2001). Drábek, Lorincová and Javorčíková (2017) assert that human capital is influenced by three fundamental features: initial factors (congenital and genetically inherited abilities), environment factors (family, social etc.) and education (formal, informal and informative) as illustrated in figure 1 below.

![Figure 1. Factors Affecting Human Capital](source: Adopted from Drábek, Lorincová and Javorčíková (2017))

From Figure 1 above, it can be deduced that the qualities and skills of the individual are shaped by initial factors and additionally advanced by the environment and education. The impact of the continued interaction between education (both formal and informal) and the environment

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**Figure 1. Factors Affecting Human Capital**

*Source: Adapted from Drábek, Lorincová and Javorčíková (2017)*
in which the individual grows up, shapes one’s character and enables the individual amass and develop his or her competencies and skills.

Human capital development refers to activities related to the skills, training, experience, education, knowledge, technical know-how and competences contributed by humans to an organization and can equally be said to be the value that is added onto a company or organization by an employee and measured by the employee’s skill and competencies. The basic focal point of all human capital development is on advancing the most par excellent workforce, to ensure that the organization and individual employees achieve their work goals. Leen (2017) posits that human capital development, comprises of the professional certifications, education, vocational qualifications, work-related experiences, knowledge and even the competencies of your workforce. Drábek, Lorincová and Javorčíková (2017) aver that investment in human capital development could be in the form of general training which enables acquisition of general or specific knowledge usable in various companies, improving working conditions by using more efficient and innovative policies, practices and aids (Mura & Sleziak, 2014), improving the health conditions of employees through quality social programme and improvement and expansion of business skills, competencies and abilities through high-quality corporate education (Drábek, Lorincová and Javorčíková 2017). Organizations are becoming increasingly aware of the efficacy of proper investment into human capital and the significant impact they have on performance which invariably also affects their competitiveness (Drábek, Lorincová and Javorčíková (2017).

Theoretical Framework: Ecological Theory of Development

The ecological theory of human development was developed by Urie Bronfenbrenner in 1976 and stresses on the importance of the surrounding environment on the developing person. Urie Bronfenbrenner defines the phrase ecology of human development as the study of the progressive, mutual accommodation between a growing human organism and the changing immediate environments in which it lives throughout the life span (Bronfenbrenner, 1977). His ecological model describes a series of four structures nested within one another, beginning with the microsystem. The microsystem reflects the immediate setting that contains the person. All microsystems have three different dimensions. The first is the physical space and activities within the microsystem such as the lighting over our desk or the temperature of the classroom during a test. The second is the people and their roles who are part of the microsystem such as our roommate or our classroom teacher. Finally, the third is the interaction between the people in the microsystem and the person. The second level, called the mesosystem, focuses on the relationships between the different settings that the person is in during different times in development. The mesosystem focuses on interrelations among microsystems. The third element is the exosystem. Bronfenbrenner believes that the exosystem is a set of specific social structures that do not directly contain the individual, but still have an impact on the person’s development. These structures “influence, delimit, or even determine what goes on” in the microsystem of the developing individual. The individual does not participate in these settings, but they do have a direct impact on his or her behavior. For example, an exosystem might be the doctor’s office, the teacher’s lounge, or grandma’s house. These are all places with an indirect impact on the person’s development. The last element or structure in his model is called the macrosystem. It consists of all the elements contained in the micro-, meso-, and exosystems, plus the general underlying philosophy or cultural orientation within which the person lives. As Bronfenbrenner says, these are the “overarching institutional patterns of the culture or subculture, such as the economic, social, educational, legal, and political systems of which local micro, meso, and exosystems are the concrete manifestations.

Bronfenbrenner’s ecological theory of human development is chosen as the theoretical
framework of this discourse because of it emphasizes on the importance of the environment and the interaction between the individual and his or her environment in the course of development. Furthermore, it has a rich display of ideas on the importance of the role of our social world and its influence. In this discourse, it will help in analyzing the effect of the change in environment occasioned by the adoption of flexible work arrangements on the development of human capital.

Key Issues that Arise with Human Capital Development from FWAs

Flexible working arrangements are prone to affect employees privately and professionally in different ways considering the divergent human nature. It has been reported to increase, as well as decrease, employees’ job satisfaction, work performance, recovery, work-life balance, wellbeing, and stress. Therefore, to maintain a sustainable work environment it is important to clarify some of the key issues that usually arise as a result of organizations implementing flexible working arrangements as part of measures for human capital development.

Working environment plays a role in human capital development. Improving working environment by using more efficient and innovative policies and practices (Mura & Sleziak, 2014) aids human capital development. Implementing FWAs is a way of improving the working environment and has had some benefits attributed to it. Allowing employees significant control over work matters improves not only their attitude but their mental and physical health too (McDonald Guthrie Bradley & Shakespeare-finch, 2005) thus facilitating human capital development. There is reported evidence of an increase in overall job satisfaction among teleworkers owing to greater control over their work environment, less interruption in work, less stress and less time spent commuting to and from work, (Melbourne, 2008). It is pertinent to point out at this point that the obvious merits stated above notwithstanding, flexible working arrangements is known to create an increasingly very indistinct thin line separating work and non-work time (Austin-Egole, Iheriohanma & Nwokorie, 2020). The absence of a clear separation between one’s work and family make it quite challenging for employees to maintain the boundaries between work and non-work thereby creating challenges that create work-family conflict which causes work-life imbalance. Work-family conflict is defined Flippo (2005) as a form of inter-role conflict in which role pressures from the work and family domains are mutually incompatible in some respects. The conflict exacerbates when the employees extend their efforts to satisfy their work demands at the expense of their family or vice versa (Cole, 2004). Sehrish, Kiran, Rabia and Syed (2015) aver that any unipolar tilt towards one would bring about an unbalanced life. Work-life balance is a quite new concept and is basically connotes a condition of equilibrium where the demand of a person’s work is commensurate to that of his personal life (Austin-Egole, 2019). Muchiti and Gachunga (2015) define work-life balance literally as a satisfactory level of involvement or ‘fit’ between the multiple roles in a person’s life and involves the examination of people’s ability to manage simultaneously the multifaceted demands of life. If the proportion of working hours actually spent in work were taken from hours supposed to be spent at home in leisure, the imbalance will not only lead to both fatigue and anxiety for the employee but could equally cause some physiological impact that will have a negative effect on both the family and work domains. Therefore, achievement of work-life balance is obviously part of the key issues faced in everyday reality arising from implementing flexible working arrangements as a means of human capital development.

Mentoring is widely acknowledged as an important contributor to human capacity development within organizations owing to its important influence in professional development in both the public and private sectors (Ibeme, 2020). Roa (2018) defines mentoring as a teaching-learning process acquired through personal experience within a one-to-one, reciprocal, career development relationship between two individuals diverse in
age, personality, life cycle, professional status and/or credentials. Flexible working arrangements allow employees to work remotely away from the office with reduced one on one interpersonal relationship. Almer, Cohen and Single (2003) noted that teleworking affects career advancements as employees may not reach the depth or breadth of experience with the reduced opportunities they have for networking, mentoring and development of professional relationships, which are all key factors required for career advancement. Seemingly in agreement, Brooks, Webster, Smith, Woodland, Wessely, Greenberg and Rubin (2020) aver that there is evidence of professional and social isolation for some which results in the loss of the valuable, prompt communication that is readily obtainable only through face-to-face interactions with their colleagues and mentors resulting in health side effects that might harm individuals' mental and physical health to a certain degree (Austin-Egole, Iheriohanma & Iheanacho, 2021). Thus, the effect of the implementation of FWAs on mentoring is another key issue worthy of mention.

The health and mental wellbeing of employees is another key issue. Flexible working arrangements is largely dependent on ICT infrastructure (Neirotti, Paolucci & Raguseo, 2012) with techno stress as a significant resultant negative consequence on workers' well-being (Molino, Ingusci, Signore, Manuti, Giancaspro, Russo, Zito, & Cortese, 2020). Employees battle with the feeling of alienation and disassociation with the organization which may equally affect their mental wellbeing. Finally, embedding a FWA culture within an organization is not straightforward. In order to ensure that people are managed effectively and aims are achieved, policies need to be reviewed in the context of all employees, whatever their arrangements.

Conclusion

Implementation of FWAs around the world has proved to have more benefits than drawbacks. Organizations take an advantage of having increased job satisfaction, loyalty, social responsibility, productivity, and reduced stress levels, absenteeism. However, some complexities connected with flexible work arrangements with regards to human capital development abound. There is need for supervisors/managers to take note of the peculiar situations and apply special approaches to ensure that the development of the human capital is neither deterred or derailed which may result in inconveniences for both employers and employees. Therefore, examining strategies that are required in response to aforementioned key issues is useful.

References


