

Making the business case for

FLEXIBLE WORKING ARRANGEMENTS



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At a glance

This report highlights the benefits of companies' adoption of flexible working arrangements and introduces UNFPA's family-friendly workplace model. Companies can use the model to design, implement and evaluate effective strategies for adopting such arrangements while maximizing their operational impacts.

Key potential outcomes:



33.0%–35.0% reduction
in staff turnover



13.7% reduction in
absenteeism



6.2% increase in
job satisfaction



11.7% increase in self-reported
health improvement



15.0% increase in the
attraction of female talent



167.5% increase in job uptake
rate among women

Background

Legal provisions for flexible working arrangements vary across countries and territories in Eastern Europe and Central Asia¹ and are often limited to parents or caregivers under specific circumstances. Two thirds of countries and territories in the region allow part-time work, while less than half have legal provisions on working from home. Only three countries and territories have no legal provisions in place on flexible working arrangements.

Such arrangements have the potential to give employees the flexibility they need to manage

other responsibilities, such as caring for family members, enable women and men to redistribute unpaid care work more equally, and effectively reduce barriers to women's full participation in the labour force, while promoting better work-life balance for employees.

The [UNFPA Expanding Choices programme](#) partners with the private sector and governments to champion gender-responsive family policies in the Eastern Europe and Central Asia region.

The [family-friendly workplace model](#) was developed to help companies design, implement

1. For a list of countries that have legal provisions regulating part-time work and work-from-home arrangements, please see UNFPA Eastern Europe and Central Asia Regional Office, *Mapping of gender-responsive family policies in the Europe and Central Asia region* (Istanbul, 2024).

and evaluate effective gender-responsive workplace policies that support women in entering, remaining in and advancing in the labour force by promoting more inclusive and equal workplaces. Such policies also enable women and men to balance their work responsibilities with their family, care and domestic obligations.

This business case demonstrates the benefits of flexible working arrangements both for companies and for their employees. By highlighting key findings from a broader systematic literature review on the impact of gender-responsive family-friendly initiatives on workplace and labour market outcomes, commissioned by the UNFPA Eastern Europe and Central Asia Regional Office and written by [Good Business Lab](#), the report shows that flexible working arrangements are a sound investment, with demonstrated impacts on productivity, absenteeism, staff turnover and general employee well-being.

Flexible working arrangements

Flexible working arrangements – which encompass a variety of practices like working from home, working from anywhere, telework and other hybrid models² – have transformed the modern workplace in recent years. With technological advancements enabling remote communication and collaboration, flexible working arrangements have become increasingly feasible, offering benefits such as greater employee autonomy, improved work–life balance and access to a broader labour pool.

Moreover, research highlights that flexible working arrangements play a critical role in influencing women’s labour force participation, providing opportunities to balance work and family responsibilities and to challenge traditional gender norms in the workforce.

If the Covid-19 pandemic enabled flexible working arrangements to gain traction – given that such arrangements were the only way for companies to continue operating in the face of extremely challenging restrictions on movement and travel – it also forced companies to establish such arrangements without a proper opportunity to test which model was best suited to their operational circumstances and requirements.

Research shows that the effectiveness of these arrangements varies, depending on factors like job type, firm size, industry and employee demographics. These findings suggest that, to maximize the benefits of flexible working arrangements, companies should invest in tailor-made, targeted interventions, making sure they leverage their potential in terms of improved workforce efficiency and efficacy.

Research findings

The first important caveat to keep in mind about the available research on flexible working arrangements is that such arrangements encompass a wide range of approaches to flexible work. Companies should, therefore, assume that there are no one-size-fits-all arrangements.

Readers should also keep in mind that this business case is centred around the introduction of flexibility into existing workplace policies, based on identified needs, to improve employees’ well-being, work stability and professional opportunities, while maximizing companies’ operational outcomes.

Scientific evidence on flexible working arrangements is available mostly from North America, Europe and Asia, spanning diverse sectors and industries, including traditional industries like manufacturing, as well as modern service industries like information technology, business support services, finance and tourism, in both the private and public sectors.

2. These other hybrid models include flexible working hours, compressed hours, outcome-based commissioning, and term-time and part-time work.

Productivity

Productivity outcomes vary widely across programmes, and productivity is one of the areas companies should pay more attention to when designing flexible working policies.

Productivity gains have been found in roles requiring minimal collaboration or complex coordination, but outcomes are highly sensitive to factors such as job type, managerial style, workplace culture, firm size, industry and the extent of the flexible working arrangements available.

Other findings were mixed. In some cases, increases in production were driven by longer working hours, which resulted in decreased productivity. In addition, employees taking advantage of flexible working arrangements were less likely to be promoted even when their performance metrics improved.

Balance is, therefore, needed when designing flexible working policies. It is essential to consider that, while flexible working arrangements may increase job satisfaction, which is typically reflected in improved productivity, they also negatively affect jobs where teamwork is critical. When poorly designed, flexible working arrangements may increase the time employees spend in meetings and hinder opportunities for networking, uninterrupted work and career development.

Absenteeism

The impact of flexible working arrangements on absenteeism has not been widely studied. However, the available evidence has found that such arrangements may reduce absenteeism, with reported reductions of up to 13.7% among both blue- and white-collar workers.

A recent study in a multi-utility company that allowed employees to choose their working hours and location one day a week was associated with lower absenteeism, measured as the number of days of leave taken per month.

The experience of AZ Group

Albania

AZ Group provides flexible working arrangements to allow employees to drop off and pick up their children at school and childcare even during working hours.

“Together with my wife, we have been working for a combined 15 years at AZ Group. With the birth of our second child, the company has given us the opportunity to take care of our children whenever needed, by allowing me flexible working hours and the possibility to pick them up from kindergarten during worktime. ... This shows that the company values our needs and responsibilities as family people, not just as employees.”

Leonard, Employee

Staff turnover

Evidence indicates that flexible working arrangements typically reduce employees' intentions to leave and increase long-term employee retention, mainly by effectively reducing work-life conflict and increasing job satisfaction.

Research shows that flexible working arrangements have helped reduce staff turnover by 33–35 per cent. Moreover, those studies that showed mixed results simply highlight the need for tailor-made policies that take into consideration demographics and job types when designing flexible working policies.

The experience of KIVO

Kosovo*

KIVO offers flexible working arrangements to its employees, including a flexible schedule for its non-production (administration and management) staff, in addition to a supportive work environment that values work-life balance and encourages proactivity from its team members.

“[We] prioritize employee well-being, creating a workplace where people feel comfortable and enjoy their work. As a result, in eight years, less than 10 out of 120 employees have left.”

Company Executive at KIVO

Innovation, collaboration and skill development

Research suggests that collaboration, communications, knowledge sharing and mentoring may be affected when team members do not share the same office space, with implications for leadership development. These considerations should be taken into account when designing and implementing flexible working policies.

Studies have also found that remote work can have a negative impact on learning and the development of practical skills.

Even so, some studies suggest that employees with moderate levels of office attendance communicate more frequently and produce more novel work than those working primarily either remotely or in the office. These findings highlight the fact that introducing some flexibility into office-based working arrangements may result in improved work outcomes and better office dynamics.

The experience of SDPS

Serbia

SDPS offers flexible working hours to all employees with disabilities and to those caring for a family member with a disability, regardless of the frequency of required medical appointments. These arrangements may include absences or reduced working hours to care for family members.

“Each employee works and functions in their own way. At different moments, each of us needs additional energy, motivation and support which will remind us of the meaning of what we do every day through work tasks and after. We are here to understand each other.”

Company Values Statement

Employee well-being and job satisfaction

The studies analysed for this report suggest that flexible working arrangements are associated with improvements in employees' well-being, including reported increases in job satisfaction and in self-reported health. These improvements, which are mainly linked to reduced commuting stress and improvements in work-life balance, were observed among both women and men, with no significant gender differences reported.

While some results showed that women benefited more from remote work, others indicated increased involvement in household activities among men and greater life satisfaction among women. Collectively, these results suggest that flexible working arrangements may support gender equity by enabling better work-life balance.

* Hereafter referred to in the context of United Nations Security Council Resolution 1244 (1999).

The experience of EVN

North Macedonia

EVN prioritizes the work–life balance of its employees by offering flexible working arrangements. Employees are able to choose when they start and finish their working day, between 06:00 and 21:59 during the workweek. Each employee is required to work a total of 40 hours per week and to be present in the workplace for a minimum of 4 hours per day, and not to exceed 12 working hours in a single day. Employees organize their schedules according to their responsibilities and coordinate their working hours with their supervisor.

“The flexible schedule at EVN Macedonia allows me to plan my workday in a way that fits both my personal life and my responsibilities. I coordinate my hours with my manager, which ensures that work priorities are met while I still enjoy the freedom to manage my time effectively. This balance makes me feel trusted and motivated.”

Company Executive at EVN

Women’s labour force participation

It is well documented that in regions with traditionally low female labour participation rates, options for flexible working arrangements can encourage more women to enter the labour force. Also, remote work can help reduce the likelihood that women with young children will leave the labour force.

Research has found that flexible working arrangements have increased the attraction of female talent by 15 per cent, while the rate at which women take up jobs that offer fully remote work has increased by 167.5 per cent.

Despite these positive results, it is important to note that the higher uptake of remote jobs – compared with office-based ones – on the part of women is also linked with how traditional gender roles around domestic and unpaid care work still shape job choices.

Research has also highlighted that discretionary remote working arrangements can mitigate the so-called motherhood penalty by reducing family–work conflict and improving job performance for mothers without creating disadvantages for non-mothers.

The experience of NLB Bank Banja Luka

Bosnia and Herzegovina

At NLB Bank, both women and men can work half-time following parental leave. This flexible arrangement reflects NLB’s strong commitment to family-friendly policies and shared parental responsibilities.

“Flexible working hours are fantastic for me because of the organization of my three children, especially since I have a first-grader. It allows me, as a mom, to prepare everything I need for school and see [my daughter] Petra off, not a grandma or aunt, because it means a lot to her. And the first day to start school is a hit! Petra’s happiness is priceless. She couldn’t believe it. ... These opportunities mean a lot to me. Somehow, I feel important as an employee, showing that the Bank cares about me. I feel recognized and really proud.”

Maja, HR Manager

Potential outcomes

The systematic literature review that was conducted for this business case on flexible working arrangements confirms that such arrangements can offer substantial benefits for both employees and companies, particularly in improving job satisfaction, retention and productivity. However, the efficacy of these arrangements is highly context-dependent.

The review suggests that flexitime and limited working-from-home arrangements are more compatible with traditional workplace environments and occupations (jobs and sectors with little change over generations and rooted in customs and practices), while high-flexibility options are a better fit for roles emphasizing creativity and autonomy.

For women, particularly those with domestic and care responsibilities, flexible working arrangements have emerged as a valuable way for them to balance their professional and personal obligations, playing a critical role in increasing their participation in the labour force. Such arrangements can also reduce labour force exit rates, narrow the maternity employment gap and support long-term career aspirations.

Nevertheless, flexible working arrangements are not without trade-offs, with some studies indicating that remote work may limit career advancement opportunities, particularly in traditional sectors and occupations that are male-dominated. Additionally, and especially for women with children, such arrangements can

also perpetuate traditional gender roles around domestic and unpaid care work by forcing women to consider remote or home-based work as the only feasible work options. Flexible working arrangements should never be a substitute for well-designed and compensated parental leave.

For companies, one of the most overlooked benefits of flexible working arrangements is access to a larger talent pool, which is supported by gender-responsive workplace practices. However, the most recent scientific literature has paid little attention to this benefit.

The quantified benefits for companies that have promoted flexible working policies are as follows:



33.0%–35.0% reduction in staff turnover



6.2% increase in job satisfaction



15.0% increase in the attraction of female talent



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UNFPA family-friendly workplace model

Flexible working arrangements are undeniably reshaping the workforce, and their successful implementation depends on carefully tailored policies that consider job-specific needs, organizational culture and employee demographics.

Employers seeking to enhance performance, retention and workforce diversity should prioritize flexibility while actively addressing challenges such as career development, communication and collaboration to realize the full potential of flexible working arrangements. This evolving landscape calls for ongoing research to optimize flexible working policies and to better understand the long-term effects of flexible working arrangements on productivity, well-being and labour market equity, as well as their differential impact on women and men.

Also, the extent of flexible working arrangements should vary depending on factors like the type of flexibility offered, the structure of the arrangements and the cultural or organizational context, backed by the understanding that geographic flexibility (work-from-home, work-from-anywhere and hybrid models) primarily

affects where work is done, while temporal flexibility (flexitime, compressed hours, term-time work and part-time work) impacts when work is performed, allowing employees to tailor their work schedules around their personal lives.

To support companies' introduction of gender-responsive family policies into their workplace dynamics, the UNFPA Eastern Europe and Central Asia Regional Office developed a family-friendly workplace model that outlines the knowledge, evidence and tools companies need to create and implement long-term, sustainable change based on global best practices.

By following the suggested five-step journey, companies can design and implement family-friendly workplace initiatives that are tailored to their needs, address the business challenges they face and support their priorities.

Implementing tailor-made gender-responsive family-friendly policies in the workplace can also improve company branding, market value and public recognition and communication, ensuring that any investment in these policies provides value for money.



Learn more about UNFPA's **Expanding Choices through Family-Friendly Policies** initiative and the family-friendly workplace model.

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