

On the Many Non-Economic Benefits of Flexible Work Arrangements

By **Darshan Joshi** (Research Analyst, Socioeconomics & Statistics Programme) and **Dr Khor Swee Kheng** (Senior Fellow, Health Cluster)

Executive Summary

- In a previous paper, we highlighted that flexible work arrangements (FWAs), a term which describes any manner of adaptation to the traditional 9-5 office-based work schedule, create three significant positive externalities
- Here, we place emphasis on the positive *non-economic externalities* that arise from the growing adoption of FWAs
- These include climate change mitigation; a more accessible, diverse and equitable labour force; and a number of health system benefits
- Further, we posit that FWAs set the stage for an updated social contract in which our professions are recognised as merely one of the many identities that we hold, rather than being the primary determinant of who we are as individuals. FWAs are a critical tool in letting us balance our lives in such a spirit
- We reiterate the need for the Ministry of Human Resources to work with a wide spectrum of companies to promote the implementation of FWAs and to allow the capture of both the positive economic and non-economic externalities they bring about

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Introduction

We have previously expressed that flexible work arrangements (FWAs) will change society and its relationship to work in profound ways, and examined the positive economic externalities associated with an increase in their acceptance and adoption¹. Here, we postulate that there are other positive, non-economic externalities that will be enjoyed by a society that accepts FWAs, in the form of climate change mitigation, a more accessible, diverse and equitable labour force, and a litany of health system benefits. Additionally, the pervasive adoption of FWAs puts Malaysia firmly on the path towards realising a future sustainable state of work and contributes to the creation of new interpretations of human and labour rights, as well as an improved social contract.

FWAs Aid Climate Change Mitigation Efforts

In 2018 the Intergovernmental Panel on Climate Change (IPCC) warned that “unprecedented changes in all aspects of society” will be required in order to mitigate the worst effects of climate change. This is a reminder that all conventional practices must be examined with their climate footprints in mind. The traditional work model is not exempt. From this perspective, FWAs have an invaluable role to play by lessening the need for labour force participants to commute during rush hours, and, in some cases, at all. Such a change would represent precisely the sort of metamorphosis the IPCC cites as necessary, primarily through its effect in curtailing transport sector emissions. In Malaysia, the emissions reductions such changes would engender can be significant for three major reasons: high rates of motorisation and of the proportion of households with access to two or more private vehicles, and weaknesses inherent to existing public transportation networks. Malaysians are heavily reliant on their cars², in most cases out of need or a lack of serious alternatives³. For these reasons, the share of national greenhouse gas emissions accruing to the road transport sector stood at 18% in 2014, up from 15% in 2011. It is projected, further, that transport emissions will increase by over 50% within the next decade⁴. Change is necessary.

¹ Joshi & Khor (2019)

² The modal share of private vehicles is estimated at 96% in Penang, for example.

³ An exception could be made of the Klang Valley region, which possesses the most extensive public transport services in the country. It, however, still has glaring weaknesses, including overburdened capacities on popular transit routes and a lack of final-mile connectivity options.

⁴ MESTECC (2018)

The widespread adoption of FWAs would ameliorate this situation by lowering the demand for all forms of transport, particularly during peak periods in urban areas. The cities of KL and George Town are almost characterised by rush-hour gridlock, but the shifting of work schedules would diffuse traffic flows in mornings and evenings; average speeds are at present significantly higher at major traffic passages at 10am relative to 8am. This, in highlighting the fact that more cars are on the road during peak periods, insinuates that the majority of road transport emissions occur at these times. The first way FWAs curtail these emissions is by staggering traffic flows to such a point where gridlock occurs less frequently. More consequential still are FWAs which allow remote working; these simply remove drivers from the road at all times, thereby fully eliminating a proportion of sectoral emissions. Employers should be explicitly encouraged to allow such flexibility within their organisations in order to reduce the amount of travel time incurred by their workforces and in doing so, reduce carbon emissions at large. As we seek to achieve a low-carbon economy in the short-run, and zero-carbon in the longer term, taking such steps are invaluable.

A related effect of FWAs' subduing of the demand for commuting is that it raises the relative attractiveness of public transport options for labour force participants sticking to conventional work arrangements. With the assumption that some existing public transport users benefit from FWAs and consequently reduce their demand for peak hour travel, drivers may place a higher value on now less-crowded buses and trains and make the switch from private to public transport. Less congested roads would also speed up bus route completion times, further strengthening the cases for their use. Given the relatively small carbon footprint of mass transit options, such modal shifts are another way to reduce emissions within the transport sector at large. This represents another step towards sustainability within the sector. The mitigation of vehicular emissions also serves to decrease local-level particulate matter pollution; this would prompt improvements to ambient air quality, and consequently individual health outcomes.

Finally, additional environmental benefits, though smaller in magnitude than that of transport sector emissions, are nonetheless posited as likely to arise from the potential reductions in electricity usage that are the result of offices and buildings shutting down more often, or being less utilised than would be the case without the existence of FWAs. Admittedly, these effects would be most considerable in the presence of the widespread adoption of FWAs; piecemeal adoption is unlikely to cause significant downward shifts in electricity usage and consequentially of emissions. In the longer-run, the subduing of demand for conventional office spaces and new buildings should have the impact of leaving greenfield areas as they are; reforestation of these areas would also create valuable carbon sinks. Further adding to the subduing of demand for new office spaces is recent growth in the popularity of co-working spaces and the concept of "hot-desking"; it is plausible that the wider adoption of FWAs will quicken these trends. When we consider possible changes in the relationship between humanity and the environment that can actuate appreciable abatements in emissions, few are likely to be as consequential as the profound impacts FWAs will have.

FWAs Expand the Size and Diversity of the Labour Market

In a previous paper, we used the economic lens to explore how FWAs expand the size and diversity of the labour market by encouraging four specific groups to more easily enter the workforce: women, single parents, the disabled and the elderly. In this paper, we will use the sociological lens to explore how that expanded labour market will help achieve certain sustainable development goals (SDGs) and improve national solidarity.

Issues at the intersection between work, labour and FWAs account directly for at least three SDGs⁵. Each of these have linked targets, and FWAs impact these specific targets:

SDG 8: Decent Work and Economic Growth

- By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value, and
- Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value-added and labour-intensive sectors.

SDG 10: Reduced Inequality

- By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status, and
- Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

SDG 5: Gender Equality

- Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women, and
- Undertake reforms to give women equal rights to economic resources.

FWAs directly support these six targets by encouraging more people – particularly the more marginalised – to enter the workforce in ways that they can control. We offer three analyses. Firstly, FWAs improve the dignity of previously-marginalised communities as they enter and re-enter the workforce in ways that provide them with a sense of control of their own fate. In previous generations, work featured a power asymmetry that often discriminated against the unorganised masses. With FWAs, there may be a rebalancing of that asymmetry in ways that promote the welfare of workers. In another way, FWAs that allow more marginalised communities to enter and re-enter the workforce will emphasise their sense of identity,

⁵ <https://www.undp.org/content/undp/en/home/sustainable-development-goals.html>, accessed 20 Aug 2019.

meaning, usefulness and relevance to society. In other ways, FWAs reduce the risk of women from being pushed into lower-paying jobs⁶. In yet other ways, FWAs allow a new “non-infantile” relationship to develop between employers and employees, free from the paternalistic clock-watching stereotype of an anachronistic boss. In other words, FWAs provide dignity for the aged, the differently-abled and women by allowing them to exercise control over an important part of their lives and existence.

Secondly, FWAs increase the power of choice of citizens as a concept distinct from dignity. In a political sense, it might be postulated that the more choices are made available to citizens, the stronger the governance of that country is. By this we don't mean trivial choices like how many types of peanut butter are on sale in the supermarkets, but significant life choices like how much to work, where, and during which seasons of our lives.

Thirdly, FWAs are non-controversial policies that can be accepted as a universal public good and carry many visible and invisible advantages. Therefore, Malaysia does not need to expend unnecessary political capital on dramatic reforms in our labour laws and can reserve that capital for the truly momentous policies, such as raising wages across-the-board or designing social enterprises as a third space between the private and public sectors. This is not to diminish the role of FWAs, but merely to emphasise that it is a low-risk, low-cost, and high-reward policy.

The case for increasing Malaysian solidarity through FWAs is a first-principles one. As solidarity is a fluid and evolving concept with multi-factorial contributions, it will be difficult to draw a direct causal link between the two or to isolate and measure the impact of FWAs to increased solidarity. With these caveats aside, however, we hypothesise that one cause of reduced solidarity in any country is the resentment of the working class against those seen as free riders. As an example, the middle-class may be averse to paying social welfare for the unemployed, reasoning that everyone should put in their fair share of work. However, any resentment is usually directed at the indigent, and not at the previously-marginalised communities that we describe in our articles.

With FWAs in place, though, we predict two developments in national solidarity terms. Firstly, as more people and more diverse people enter the workforce (and assuming work and being productive is a good thing), there will be a greater national consciousness that we are all contributing to Malaysia's growth – in economic and non-economic terms. Secondly, while it is likely to remain impossible to eliminate all free riders in any society, there will be fewer “places to hide” for them as there will be many more people making active contributions to the nation's progress.

⁶ Goldin (2014)

FWAs Improve Population Health Outcomes and Support Health Systems

FWAs will improve population health outcomes and support health systems in four specific ways. Firstly, FWAs will reduce the modern-day stress and anxiety of traffic jams and daily commutes. Studies have shown that longer commutes and traffic jams can contribute to stress, anxiety, fatigue, and other psychosomatic illnesses^{7,8}. In truck drivers, traffic jams have been shown to cause negative physiological and biological changes⁹. As long ago as 1978, there was available evidence of psychological harms of stress caused by traffic congestion¹⁰. Even without this body of evidence, common sense will dictate that avoiding unnecessary jams and long commutes will improve the mental health of a population; FWAs will allow this.

Secondly, FWAs will allow more time for pursuit of meaningful relationships, hobbies, personal fulfilment activities, familial needs and personal exercise for more Malaysians. The logical basis for this is clear: the less time we spend in traffic commuting to the office, the more time we will have for the things in life that make life worth living. The average person in KL commutes 44 minutes to work every day¹¹. Every week, that is four additional hours of life that can be returned to the average KLite, to utilise as they wish. One may imagine that they will spend that additional time on the small pleasures of life. Given that many Malaysians drive to work, even the effect of removing them from 44 sedentary minutes per day will provide significant physical health benefits.

Thirdly, FWAs may reduce the traffic load of cities, leading to less air and noise pollution especially during peak-hours. Klang Valley has an air pollution challenge, with traffic contributing significantly to the problem¹². It is not only particulate matter of PM10, but also noxious gases like CO, NO2 and O3 that contribute to this pollution¹³. Noise pollution is a separate but related problem, with noise in Klang Valley's residential areas regularly exceeding the Department of Environment's stipulated safe limits¹⁴. Therefore, any reduction in traffic load will reduce noise and air pollution for residential areas primarily in urban settings.

Finally, FWAs will directly strengthen the participation and morale of the human capital within the health system. FWAs will allow marginal members to either stay within the health system, or to re-enter it on their own terms. Examples include women doctors who left practice to care for young children but can provide tele-radiology services, and flexible shift hours allow nurses to plan for their families and still provide public service. Further, one of the many

⁷ <https://www.scientificamerican.com/article/commuting-takes-its-toll/>, accessed 21 Aug 2019.

⁸ Mahudin (2012)

⁹ Vivoli et al (1993)

¹⁰ Stokols et al (1978)

¹¹ <https://www.michaelpage.com.my/content/how-long-is-your-commute-to-work/>, accessed 21 Aug 2019.

¹² Abdullah et al (2012)

¹³ A Rahman et al (2015)

¹⁴ Yusoff & Ishak (2005)

factors affecting the morale of healthcare professionals is autonomy. FWAs are one facet of autonomy, and it will help improve morale within the health system¹⁵. One possible causal link is that allowing FWAs will show that the government of Malaysia cares for the carers, i.e. the nurses, doctors and paramedics who perform their public services.

FWAs Provide a New Social Contract

The Social Contract was first proposed by Rousseau in 1762¹⁶, when he argued that the hard (i.e. duties and laws) and soft (i.e. cultures and values) norms of a society are binding only if the majority of society agrees with it. The first social contracts during the times of empires, kingdoms and fiefdoms granted some physical security from barbarians if subjects pay their taxes and agree to conscription during times of war. The next social contracts during nascent and modernising democracies granted increasing political and economic freedoms in exchange for taxes, adherence to the laws, and curbed human instincts.

These modern social contracts also provided increasing freedom from fear, want, disease, poverty and injury (i.e. the legal system curbed and punished theft, assault, murder and so on). This led to the growth of the modern economy, allowing flourishing trade, job creation, wealth creation and redistribution, and poverty eradication. The disadvantage of any unmitigated drive for progress is that human beings will build their lives around a job, rather than build their jobs around their lives.

Our hitherto existing economic systems can be seen as manifestations of the prevailing social contracts of different countries at different times in their history. FWAs allow a new, possibly third social contract to be built on the basis of Capitalism 1.0. In this new social contract, citizens will reassert their rights to enjoy the gift of life, family, and community. They will then help bring some balance to the strong set of rights already given to corporations and companies.

In this new social contract, the old freedoms are inadequate. The new freedoms are evolutions of the old ones, and must now include freedom from psychological or financial dependence on our jobs and freedom from the vagaries of an enforced 9-5 office schedule as though a one-size-fits-all rhythm works for every one of us. The new freedoms must include freedom from pollution, stress and traffic jams, and the freedom to design our lives with meaning, family and social connections. Our work is merely one of the many identities that we hold, and FWAs let us balance our lives in that spirit.

¹⁵ Konrad et al (1999)

¹⁶ Rousseau (1762)

Concluding Our Thoughts on FWAs

Throughout the course of these two papers, we have highlighted that FWAs are capable of driving a set of universally positive changes to the social welfare of any nation, let alone Malaysia. But, should their adoption be left to the discretion of individual organisations, they are very likely to be underprovided at the macro-level. This is because the positive externalities we have described do not necessarily have a directly beneficial impact on organisations themselves; it is of little importance to individual firms that congestion is reduced in cities, or that transport-sector emissions are curtailed, or that the previously-disenfranchised are more able to gain meaningful employment. Yet, for governments, these externalities are of tremendous value. In order for society to realise these indirect benefits of FWAs, policymakers must step in.

We urge the Ministry of Human Resources to step in and assist in the process of spreading the adoption of FWAs across a wide range of industries and economic sectors. The benefits are too monumental to pass up for much longer.

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