Making Flexible Work, Work:
Towards Better and More Inclusive
Work-Life Practices

Foreword

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I am pleased to introduce this report which was jointly produced by Talent Corporation Malaysia Berhad (TalentCorp) and United Nations Development Programme (UNDP) Malaysia.

By highlighting the lasting impact of COVID-19 on the workplace, this report provides a timely assessment of shifting perceptions toward Work-Life Practices (WLPs) due to disruptions caused by a global pandemic. It also looks at critical lessons learned from the COVID-19 experience, and the success factors that must be considered for the successful implementation of WLPs. Most importantly, this report serves as a roadmap for how Malaysian employers can and must take the lead in preparing their workforce for the future of work.

This report dovetails with the Government’s focus on uplifting the wellbeing of Malaysians, through the implementation of measures and policies which ensure both public and private sector employees benefit from a range of WLPs including work from home (WFH) arrangements.

Further, as the agency under the Ministry of Human Resources (MOHR) tasked to attract, nurture and retain the right quality and quantity of talent to support Malaysia’s growth, TalentCorp has actively and consistently advocated for the wider adoption of Flexible Work Arrangements (FWAs) in Malaysia since 2015. TalentCorp’s efforts in this area are also in line with the Ministry’s agenda to develop a competent, productive, responsive and resilient national human capital base.

Similarly, UNDP Malaysia’s experience and expertise in accelerating structural transformations make them an excellent fit for a collaboration of this nature.

I would like to commend the working group members and everyone else involved in this project for their contributions and hard work. With this report, it is my hope that we will see greater recognition of innovative workplace practices as an indispensable tool to drive productivity, boost organisational performance and support the needs and demands of tomorrow’s workers.
In subsequent years, Malaysia has seen a slow growth in the female labour force participation rate (LFPR), from 53.6% in 2014 to 55.6% in 2019. Much of this rise is attributed to the urban centres of Kuala Lumpur, Putrajaya, and Selangor, where the female LFPR reached 67.7% in 2019. Younger women are more likely than previous generations to return to the workforce after taking time away for caregiving.

Unfortunately, a number of emerging signals from the COVID-19 crisis suggest that the pandemic has threatened these gains. Almost 100,000 working-age adults left the workforce in Q1 of 2020, with a majority citing caregiving and family obligations—reasons that Malaysian women have historically given for leaving the workplace. By June 2020, the female LFPR dropped to 55.1%, reversing more than a year’s worth of progress.

However, the pandemic has also challenged established norms and created potential for transformation of workplaces. In a companion publication, How We Worked From Home, UNDP explored the enforced Work From Home (WFH) experience in the first two months of the Movement Control Order (MCO) and found that this real-life experience had generated large shifts in perceptions and attitudes towards WFH arrangements, a shift that years of studies and advocacy could not achieve. And, it showed if employers and employees can make WFH work, certainly other less disruptive arrangements can work too. Indeed, there has been an increased openness to and demand for flexible work arrangements (FWAs) and other family-friendly work practices.

Following the publication on Malaysia’s WFH experience, UNDP has collaborated with TalentCorp in a number of events promoting FWAs and gender equality in the workplace. I am delighted to further this partnership with the Ministry of Human Resources through TalentCorp via this report, as we continue our endeavour to promote a future of work that is accessible and sustainable for both women and men.
Developments in our technological, economic, and societal landscapes are changing the way we live and work. Internet and mobile connectivity mean that many jobs can be done anytime from anywhere. The rise of dual-income households means that employees are more likely to shoulder substantial domestic responsibilities even while holding a full-time job. The way we think about managing our different spheres of life has changed accordingly—from the neatly segregated compartments of “work-life balance” to the fluidity and flexibility of “work-life integration.” In light of these shifts, the development of workplace well-being is prioritized at the national level as a key contributor to sustained socio-economic development.

At its best, work-life-integration can allow us to better manage competing responsibilities and schedules. However, it can also create ambiguity by blurring the boundaries between work and home life. Therefore, at its worst, it can create an unhealthy work culture that places undue pressure on employees who are unable to disconnect from work and face ever increasing demands on their time. Employers need to proactively challenge existing models and ways of working to adapt to current and future trends in order to maintain a healthy and engaged workforce.

Talent Corporation Malaysia Berhad (TalentCorp) conducted the Life At Work Survey in 2017 to understand the types of Flexible Work Arrangements (FWAs) and Work-Life Practices (WLPs) implemented by employers (Box 2). The survey showed a general lack of awareness and preparation among Malaysian firms for the future of work. While most firms recognized the benefits of FWAs and WLPs and have some practices in place, these were typically not formalized (Figure 2) and often very limited in use. Implementation of family-friendly practices in particular fell short, which may contribute to Malaysia’s lower female labour force participation rate relative to the ASEAN region.\(^2\,^3\)

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Box 1: Definitions

**Work-Life Practices (WLPs):** Various forms of support for work-life integration, including leave, support networks, facilities, etc. This includes Flexible Work Arrangements.

**Flexible Work Arrangements (FWAs):** Flexibility in the time and location of work. This includes Work From Home arrangements.

The top 5 FWAs in the Life at Work Survey were:
1. Flexi Hours (48%)
2. Leaving Early From Work (34%)
3. Staggered Hours (22%)
4. Job Sharing (19%)
5. Work-From-Home/Telecommuting (16%)

**Work-From-Home (WFH):** A subset of FWAs, in which employees may work remotely some or all of the time.

Box 2: Type of WLPs

WLPs comprise of Flexible Work Arrangements, work-life benefits and family-friendly facilities. These components are described in detail below.

**Flexible Work Arrangements** are arrangements that aim to provide greater flexibility in the following areas: the workplace, scheduling of hours worked, number of hours worked and flexibility of job roles.

- Compressed Work Week
- Employees’ Choice of Day Off
- Flexi Hours
- Job Sharing
- Leaving Early from Work
- Modified Role
- Phased Retirement
- Reduced/Part-time Work
- Seasonal Work
- Shift Swapping
- Staggered Hours
- Telecommuting

**Work-Life Benefits** are company-sponsored incentives to support employees in achieving better work-life integration.

- Childcare Subsidy
- Extended Maternity Leave
- Family Care Leave
- Paternity Leave
- Study Leave
- Support Network

**Family-Friendly Facilities** are company-sponsored facilities in the workplace that are family-centric.

- Car Park for Pregnant Women
- Childcare Centre at the Workplace
- Nursing/Mothers’ Room

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The COVID-19 pandemic and resulting Movement Control Order (MCO) in Malaysia meant that Work-From-Home (WFH) expectations were forced on both employers and employees, whether or not they were prepared for it. WFH is often perceived as one of the most challenging forms of FWAs to implement. Even though two-thirds (66%) of employers in Malaysia offer some flexibility in working hours, flexibility in working location is much lower, with the adoption of WFH arrangements in 2017 well behind the regional norm (16% vs. 50%). This low rate of adoption of WFH could be due to either a lack of trust in employee productivity or an emphasis on on-site collaboration and communication.

Despite the disruptive nature of the pandemic and the unpreparedness of many firms, the UNDP WFH Survey shows that most employers and employees were able to make WFH work. The large-scale experiment in WFH due to the MCO has shifted societal perceptions and ignited conversations about what is feasible and desirable in terms of FWAs. This experience is not only a proof of concept for FWAs but also offers lessons for successful implementation. Employers that are able to learn from this experience and adopt new ways of working will reap benefits in employee engagement, satisfaction, and productivity.

This document highlights key lessons from the Life At Work and WFH surveys and other relevant work by UNDP and TalentCorp to support implementation of FWAs in Malaysia.

2. Why Embrace FWAs?

Quality of Life and Productivity Benefits

FWAs, when implemented well, can improve both employees’ quality of life (QOL) and productivity. The Organisation for Economic Co-operation and Development (OECD) notes that WFH benefits for employees include less time spent commuting, fewer interruptions, and cost savings—which can translate into productivity gains and increased engagement. Indeed, the 2020 Deloitte Global Human Capital Trends reports that many global organizations have identified a variety of tactics to redesign work around well-being including increasing remote work (WFH) opportunities. In Malaysia, the Life At Work Survey shows that employers cited improving employee’s well-being as the top reason for offering WLPs (76%), followed by improving workforce productivity (65%) (Figure 3).

Box 3: Key lessons from TalentCorp’s experience in supporting implementation of FWAs

1. FWAs improve business productivity. Employers that have implemented some form of FWAs such as WFH and staggered working hours report increased employee productivity.

2. Employers can mitigate any perceived risks of FWAs, such as abuse of flexibility, by piloting FWAs with targeted employees, i.e. employees with high performance track record, and women and men with children.

Figure 1: Perception of Malaysian employers toward WLPs as a key strategy for addressing workforce needs of the future (Pre-COVID-19).

Figure 2: Extent to which WLPs are formalized in policy by Malaysian employers (Pre-COVID-19).

Figure 3: Top reasons Malaysian employers adopt WLPs (Pre-COVID-19).

The WFH experience during the MCO confirms the benefits of FWAs/WFH to employee well-being and productivity. During the highly disruptive MCO period—a worst-case scenario for WFH—both employers and employees nonetheless reported that productivity was maintained or improved (Figure 4).

In the Life At Work Survey, employers perceived that the employees who would benefit most from WLPs were women with children, millennials, and people with caregiving responsibilities (Figure 5). However, the WFH Survey showed substantial QOL and productivity benefits were experienced across gender, age, and childcare-giving categories.

In terms of Quality of Life (QOL), men and women childcare givers were both more likely to report improvements compared to their non-childcare giver counterparts; interestingly, men caregivers were reported to experience the highest benefits (Figure 6). The proportion of women caregivers was similar to that of men and women non-caregivers to report improvements in productivity; however, the proportion of women caregivers that reported declines in productivity was notably higher (Figure 7)—likely due to the combination of school and childcare centre closures unique to the MCO.

Employees in the 35-54 age range were more likely than employees below 35 to report improvements in QOL and productivity (data not shown), though all groups experienced net benefits in both categories.

3. Employers implementing FWAs can improve their bottom line with proper planning, consistent communication and alignment between line managers and employees. Flexibility can improve retention, reducing the need to recruit and train new employees.

4. FWAs benefit not only women, but also men with children, persons with disabilities (PWDs), millennials, and even senior hires as flexibility allows for better work-life integration.

5. Many employers started FWAs with informal practices and moved to formalize them in workplace policy to ensure positive impacts and consistency of implementation.

Figure 4: Perceived productivity of employees who worked throughout the MCO, as reported by employees and employers.11

Figure 5: Employee groups that request for and receive WLPs, as perceived by employers (Pre-COVID-19).12

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These MCO experiences suggest that FWAs/WFH policies can improve QOL and productivity for a wide range of employees, including groups that are not normally prioritized in FWAs. In addition to offering FWAs to target beneficiaries, employers can consider incorporating FWAs as a norm wherever the nature of the job permits. In addition to reaping the benefits as a result of FWAs, this would also increase buy-in for FWAs and reduce any stigma employees may face for using FWAs.

### Changing Expectations

The MCO experience has **shifted employee perceptions about what is possible and preferable in FWAs/WFH practices**. Despite widespread experiences of disruptions and difficulties in transitioning to WFH during the MCO, a **majority of employees across all age categories reported a positive shift in opinion toward WFH arrangements**, with older employees having the largest positive shifts (Figure 8). Almost 80% of employees would like to WFH at least weekly, with almost half preferring to WFH three or more days a week (Figure 9).

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13. Figure reproduced from How We Worked From Home: Findings from the WFH experience in response to the COVID-19 global health crisis in Malaysia. 2020. United Nations Development Programme.
14. Figure reproduced from How We Worked From Home: Findings from the WFH experience in response to the COVID-19 global health crisis in Malaysia. 2020. United Nations Development Programme.
These shifts in perceptions toward WFH are changing employees’ expectations of their employers. Employers appear to be responding to these expectations, with 61% of employee respondents to the WFH Survey reporting that their employers already have, were considering, or may consider long-term WFH arrangements.

Employees with childcare responsibilities were more likely than their non-childcare giver counterparts to report that their employers were actively considering WFH arrangements. However, women were less optimistic than men about employer openness to WFH; this may reflect worries by women employees that they might face career penalties for making use of policies on WFH or FWAs. In addition, single women were the most likely to report that their workplaces are not suitable for WFH arrangements or that their employers would not consider WFH outside of emergencies (Figure 10).

Although large enterprises have historically been more likely to offer WFH arrangements, in the WFH survey, employee perception of employer openness to WFH practices was high regardless of employer size (Figure 11). Similarly, although higher-skilled and higher-income workers have historically been much more likely to receive WFH accommodations, the correlation between income and employee perceptions of employer openness to WFH was small (Figure 12). These findings signal a widespread shift in expectations. In the Life At Work Survey, 64% of employers cited the retention of high-performing employees as the reason for WLPs; however, the increase in demand for such arrangements now appears to be part of the new normal.
3. How Do We Get There?

Employer Spotlight

Employers are responding to the changes in employee expectations and the lessons learned from the COVID-19 experience. Based on TalentCorp’s engagements with employers, many employers are adopting a WFH Hybrid Model —with employees working from home on a rotating basis. Similarly, TalentCorp has seen an increase of organizations seeking guidance on formalizing their WFH policies. There are many alternative forms of WFH arrangements and FWAs, providing viable and effective options for all types of organizations across all sectors. Several major ingredients are necessary for FWAs, including WFH arrangements, to work well.

Trust-based working time arrangements (TBW) are a pre-requisite to WFH arrangements and many other FWAs. TBW does not refer to blind trust, but a shift from monitoring employee inputs (e.g. facetime in the office, perceived concentration on work) to employee outputs (e.g. quantity and quality of deliverables). When employers insist on scrutinizing employees who make use of FWAs through monitoring software or demanding the employees always have their video cameras on, employees will experience stress, feel penalized for using FWAs, and will be demotivated by the lack of professionalism and trust.

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Box 4: Recommendations for creating policies for FWAs

- Consider piloting FWAs with smaller groups of employees to learn what works and what does not. An informal phase allows for easier adjustments as you find what works for your organization.

- Set and communicate the criteria about eligibility for various FWAs according to the needs of job roles. Be innovative and creative as technology will revolutionize business practices and change the way employees perform tasks.

- Rethink how employee engagement and productivity is assessed. Managing employees on outputs can be far more productive than managing employees based on the physical presence of “time in the office.” Establish and communicate how productivity will be assessed based on outcomes and quantifiable metrics.

- Set clear expectations of work hours, duties, obligations, and applicable policies such as code of conduct, health & safety, and IT and data protection.

- Performance issues stemming from FWAs should be discussed openly between employees and managers. Employers may revise, modify or suspend any employees’ FWAs to ensure employees are able to meet business and operational requirements. However, this should not be done lightly as an organizational culture supportive of FWAs is necessary for its long-term success. Abuse of FWAs should be addressed at an individual level if possible, rather than through widespread withdrawal of FWAs.

Buy-in and support for FWAs are necessary at all levels.

According to the Life at Work Survey, the top factor supporting the adoption and implementation of WLPs was support and focus from top management.

However, this alone is not sufficient, as employers of various sectors and sizes also agreed that successful implementation also requires supporting values and belief within the organizational culture and for middle management to adopt a mindset that values flexibility. Top management will need to clearly articulate the value of FWAs to the organization, be involved in addressing implementation issues, and monitor adoption of FWAs to ensure they are being promoted and used.

Closely related to creating workplace buy-in for FWAs is the need for inclusivity in design and implementation.

As discussed above, results from the WFH Survey suggest that women are more likely than men to perceive career risks in asking for FWAs/WFH accommodations. The survey also showed that while 83% of employers reported that they have or would introduce WFH policies (Figure 13), a much smaller group have active plans to make WFH accommodations for PWDs and caregivers (Figure 14). To ensure inclusivity, employers should prioritize employees with clear needs for FWAs, not just “high-value” employees, in planning policies on FWAs. However, FWAs also need to be made available and promoted to as wide a range of employees as possible, so that those who use FWAs do not need to worry about facing career penalties for being outside of the organizations’ work culture norms.

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22. Figure reproduced from How We Worked From Home: Findings from the WFH experience in response to the COVID-19 global health crisis in Malaysia. 2020. United Nations Development Programme.
Finally, employers need to provide **clear and well thought-out policies that support use of FWAs**. The WFH Survey shows that those who received **technical support** (i.e. guidance on work policies and telecommunications platforms) had the highest productivity gains during the MCO (Figure 15). Without clear guidelines, there will be mismatches of expectations and supervisors may intrude upon employee boundaries. Indeed, during the MCO WFH experience, many employees reported that they were expected to be available and working well outside of normal work hours, turning flexibility into a burden. Likewise, **material support** (e.g. laptops, internet connectivity, home office furniture) may be necessary for FWAs, especially for WFH arrangements. Without adequate material support, employees either have to bear the costs of work to make use of FWAs or forego them altogether. Failure to provide appropriate and adequate support will lower morale and undermine the benefits of FWAs/WFH arrangements.

When these practices are implemented well, FWAs can generate substantial benefits for employers and employees alike, as observed in TalentCorp’s work with a wide range of organizations across many sectors under its flexWorkLife initiative (Box 5). These practices also increase organizational resilience and adaptivity to workplace disruptions and enforced WFH due to ebbs and surges in the present COVID-19 pandemic.

![Figure 15: Productivity of employees during WFH, by support received.](image-url)

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23. Figure reproduced from How We Worked From Home: Findings from the WFH experience in response to the COVID-19 global health crisis in Malaysia. 2020. United Nations Development Programme.
4. How Do We Get There?

Employee Spotlight

As employers extend FWAs, there are practices that can help employees to make the most of FWAs for work-life integration. Here are some of the most important practices:

Just as employers need to adopt and adapt to WLPs to adjust the way they demonstrate productivity, a TBW approach works best when employees take ownership and initiative for their work. Employees will need to focus on outputs and outcomes, and to manage their work time and priorities accordingly.

Communication with supervisors and co-workers is important for FWAs. Employees will need to be aware of office norms on when and how to communicate, especially when co-workers may be on different schedules or working off-site. Developing familiarity with digital communication tools will likely be necessary. Employers will need to hear from employees about the support, practices, and schedules that they need, in order to be efficient while using FWAs. Both sides will need to engage in constructive dialogue to find good solutions.

Employees with children at home undertaking substantial WFH need to apply ground rules, so that their children understand that they are working. If at all practical, create a dedicated Work-From-Home space. If both spouses have FWAs/WFH arrangements, equitable arrangements for domestic responsibilities is critical to allow both parties to work effectively.

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It is important for employees to be familiar with employer policies on FWAs and follow them. These policies not only keep employees accountable, but also set limits that help maintain boundaries between work and non-work spheres of life. Employees should respect co-workers’ FWAs and should also be clear about when they are and are not available. This will help to ensure that FWAs enable work-life integration, and do not to disrupt productivity, while still contributing to employee well-being.
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At TalentCorp, we help companies to get started in implementing Flexible Work Arrangements (FWAs). Our team provides advisory support and sharing of best practices to help companies manage FWAs challenges, both organisational and people. Whether it’s to implement, enhance, or promote FWAs for your company, we can support to deliver a solution that is customised to your business and people needs. To kick start your FWAs journey, connect with us through flexworklife@talentcorp.com.my or visit us at www.flexworklife.my.