



北京理工大学
BEIJING INSTITUTE OF TECHNOLOGY

**Impact of Working Flexibility Arrangements on
Employee Retention
-- Case Study of Millennials in a Micro-Small
Business in Peru**

**A Paper Presented to
School of Management and Economics
In Partial Fulfillment of the Requirements
For the Degree of Master of Business Administration**

By Aileeng Yamileth Lee Rios

Under the Supervision of

Ms. Baojun Tang

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Abstract

In recent years, a new generation began to form part of the workforce, and with it brought a new trend of working arrangements to the workplace, forcing it to become more flexible and focused on the work/life balance. Flexible working arrangements have a significant influence on Millennials employees as these employees have unique characteristics and expectations from their work environment and life purpose. Many micro-small enterprises (MSEs) in Peru have difficulty in recruiting and retaining employees. Aside from the pressure of companies to choose the best candidates to fill a job position, this issue is associated with the companies work arrangements.

This paper examines the impact of working flexibility arrangements on working Millennial of micro-small enterprises in Lima Metropolitan, Peru. Addressing the following questions: How does the working millennial wave impact the traditional working arrangements: is working flexibility arrangement be the key to attract and retain qualify millennial workers and: what are the flexible working arrangement preferred by the working Millennials?

The aim is to explore and analyze the working flexibility arrangements toward Millennials in Peruvian Mses. The objectives are:

- To gain in-depth knowledge of the management of working Millennials under flexible working arrangements.
- Find out how well this type of arrangement fits in Micro-Small enterprise in Peru.
- Examine to what extent the staff of MSEs in Lima prefer the traditional full-time workday.

Using qualitative methodology, a Likert scale survey on 120 Millennials currently working in an MSEs in Lima Metropolitana, were conducted to gather primary data. The framework developed in the literature review permitted a logical approach and direction to categories and evaluated the information with a SWOT, External and Internal Factors analysis.

The findings provided answers to the research questions and the objectives, confirming the adequate use of the Employee Retention Connection model (Stimulation, Leadership, and Recognition) in the implementation of the flexible working arrangements in micro and small enterprises in Peru. The motivation was determined as the essential component of the Stimulation driver, which involves task performance. Leadership functions encompass recruitment and selection, training and development, and Recognition focus in support and encouragement of the employees and its team.

Suggestions related to the management tools were provided for the flexible working framework. Principally, they referred to the information within the Millennials employees and the MSEs organizations in Lima, Peru.

Key Words: Working Flexibility, Millennials, Employee Retention, Micro-Small enterprises.

摘要

随着千禧一代年轻人进入职场，也带来了工作制度的新变革。他们更加注重工作与生活这两方面的平衡。他们的加入使得工作安排变成更加灵活，千禧一代明显适应弹性工作制。事实上，许多秘鲁的微小企业在招聘新员工和留住老员工方面都遇到了困难。造成企业这方面困难的原因，除了应聘职位对于应聘者能力的要求以外，也与公司的工作制度有关。

本篇论文将阐述，弹性工作制对于在大城市—利马的微小企业工作的“00”后，产生了何种影响，而秘鲁又是如何处理以下问题的：参加工作的千禧一代是如何冲击传统的固定时间的工作制度，弹性工作制对于吸引并留住千禧一代是否是关键因素；为什么他们更愿意选择弹性工作制？

本文旨在揭示和分析弹性工作制对在秘鲁微小企业中的年轻人的影响目标如下：

- 深入了解如何在弹性工作制的情况下管理“00”后员工。
- 了解这种安排在秘鲁微小企业中适用得如何。
- 调查在利马的微小企业中更倾向于传统全日制工作制度的员工比例。

使用质化分析法，通过李克特量调查表，研究120名正在利马微小企业工作的“00”后员工获得主要数据。通过态势分析法，以方法严谨、方向清晰的文献综述为框架，来分析和评估信息。

研究结果为需要研究的问题和目标提供了答案。结果证实了在秘鲁微小企业实施弹性工作制，充分利用了员工留用模式（激励员工、提升员工领导力以及认可员工的能力）。动机被确定为激励驱动因素的重要组成部分，它涉及到工作任务和绩效。而领导力包括招聘和选拔新员工、培训和发展老员工，以及对全体员工的支持和鼓励，同时对团队的认可。

参考在秘鲁首都利马的“00”后员工和微小企业的信息，通过以上的分析方法得出的结论将解答我们之前的问题，并且完成既定目标，提出可以在秘鲁微小企业中实施的弹性工作制管理方案；以及在弹性工作制结构下，使用什么样的管理工具提出建议。

关键词：弹性工作制，千禧一代，留住雇员，微小企

1. Introduction

Recent trends in the availability of working flexibility have been linked to positive employee outcomes such as decreased stress and improved health and well-being, which have corresponding impacts on rates of absenteeism and overall health care costs. Often employees who have the opportunity to have working flexibility arrangements increased their commitment, engagement, and improved performance. In the past ten years, 85% of businesses worldwide have introduced a flexible workspace policy (International Workplace Group, 2019)

Some researchers and practical experience suggest there are many benefits to workplace flexibility for organizations. Some benefits, such as employee attraction and retention, apply to all types of flexibility, whereas others are unique to a specific type. For example, telecommuting helps employers save on real estate expenses. Also, workplace flexibility practices help develop future generations of employees with more control as they seek to meet work and non-work demands.

Despite the outcomes delivered by working flexibility and its great implementations around the world, Peru faces a significant issue related to the implementation of flexibility in their working arrangements. In 2018, the renowned Peruvian consulting firm, MERCER, carried out a study on 'Labor Benefits.' Gabriel Regalado, the CEO, pointed out that flexibility in working hours is a challenge for Peruvian companies.

A study lead by MERCER in 2018, showed that companies with flexible work arrangements have a significantly better balance between their personal life and their working life, increasing their satisfaction and motivation. 40% of them grant flexible hours to their employees, and less than 22% allow teleworking. (MERCER, 2018)"*It is necessary to better manage working time based on new labor policies, in order to generate comfort and well-being for employees, improving their quality of life and that of their families,*" Regalado emphasized (Diario Gestión, 2018).

According to Deloitte Human Capital Trends research, 53% of the surveyed believe that working flexibility improves staff productivity, 16% believe that helps them expand and accelerate their companies' growth. Also, 25% of companies offering flexible jobs believe that this policy helps them access a broader portfolio of talents (DELOITTE, 2019), generating more significant employment opportunities for people located in the most remote places.

Michael Turner, Vice President for Latin America of Regus, says "*That flexible work has become the norm is good news for everyone: both for the employer and the employee, for families and society in general and even the media environment, everyone can benefit*" (ARGYLE EXECUTIVE FORUM, 2015). For the first time, a global report based on 17,000 respondents provides conclusive statistical evidence on the availability of flexible jobs and the benefits they generate. "

1.1 Research Rationale

I have chosen the study working flexibility and Millennials for my case study because not only are these two very trendy topics, but they are also revolutionizing the structure of work organization. Additionally, the 'impact' on these two terms has with each other is remarkable and therefore makes for an interesting case study. Being born in 1992, I fall in the millennial generation and had different working experiences, making me have an avid interest in the relationship of this generation and working arrangements. I have worked as much in China as in Peru, whether they are professional practices or hired as a professional. Studying management, I realized that dealing with employees and keeping productivity high is a very challenging task; analyzing my previous work experience, I realized how dissatisfying employees could affect the rest of them and managing the wrong way can cause an adverse chain reaction to the company. For example, in 2010, I've worked part-time as an assistant manager in a small company, where I share duties of a full-time employee with a coworker, in this type of work arrangement communication and trust was essential, since she had to take over after my shift was finish, if we didn't work as a team and answer to each other

questions at any time, the company would have entered in chaos many times making other workers and customers have a hard time.

For my thesis, I wanted to be able to combine my knowledge and interest in managing flexible work arrangements with what I've learned this year in the MBA, which is the importance of communication and employee satisfaction to retain quality employees and preserve pleasant work environment in the company (Jennifer M. George & Gareth R. Jones, 2012)

I think it is worth exploring the impact of working flexibility and Millennials' talent retention. Besides, Millennials increasingly make up the workforce of many countries, forcing companies to change their work structures and policies more and more is a relevant and current issue to explore in this paper

1.2 Problem Statement, Aim and Objectives

As mentioned above, numerous countries have had investigations exploring flexible practices in organizations. However, few have studied the case of MSE in Peru regarding the implementation of flexible arrangements to its working regulations, leading to formulate the following hypothesis.

H. Work flexibility has a positive impact on employee attraction and retention of a company in Lima, Peru.

The information gap and the lack of awareness about flexibility practices added to the challenges from the internal and external environments constitute a problem for most of the MSE's in Peru, are also facing difficulties in attracting, engaging, and retaining volunteers. Moreover, researchers have called for a further study to analyze the application of the SWOT matrix (Strength, Weakness, Opportunity, Threat) in the inclusion of flexibility arrangements in MSE's in Lima, Peru and conduct the application of the ERC's model (Employee Retention Connection) in working Millennials (Alfes et al., 2017). Accordingly, this work builds on the lack of investigations in this area of MSE's and flexibility practices, and addresses the

following research questions:

- 1) How does the Millennial working wave impact the traditional working arrangements?
- 2) Is working flexibility arrangement be the key to retain and attract qualify Millennial workers
- 3) What are the flexible working arrangements preferred by the working Millennials?

The aim is to explore and analyze the flexible practices of the MSE's in Peru towards the Millennials. The objectives are:

- To gain in-depth knowledge of the management of working Millennials under flexible working arrangements.
- Perform a SWOT analysis of flexible arrangements in micro, small enterprises in Peru
- Examine to what extent the staff of MSEs in Lima prefer the traditional full-time workday.

1.3 Research Purpose and Process

Interpretive research in business and management means that the organization and its individual's synergy are carefully examined in order to bring insight to the study context. According to Saunders, the research stance usually tends to be either exploratory, descriptive, explanatory, evaluative or a combination of them (Saunders, Lewis, & Thornhill, 2009). To answer accurately the research questions of this project, an exploratory approach is considered. Indeed, the study attempted to address the questions:

- 1) How does the working millennial wave impact the traditional working arrangements?
- 2) Is working flexibility arrangement be the key to retain and attract qualify millennial workers
- 3) What are the flexible working arrangements preferred by the working Millennials?

Moreover, the researcher should follow a rigorous and efficient process when managing and achieving research project to avoid waste of time and resources (Johnston, 2014) The steps in the research process are displayed in the figure below, which indicates that after identifying the research problem, a review of the literature is undertaken, including a description of the research objectives, then collecting data and analyzing to draw a conclusion and make recommendations.

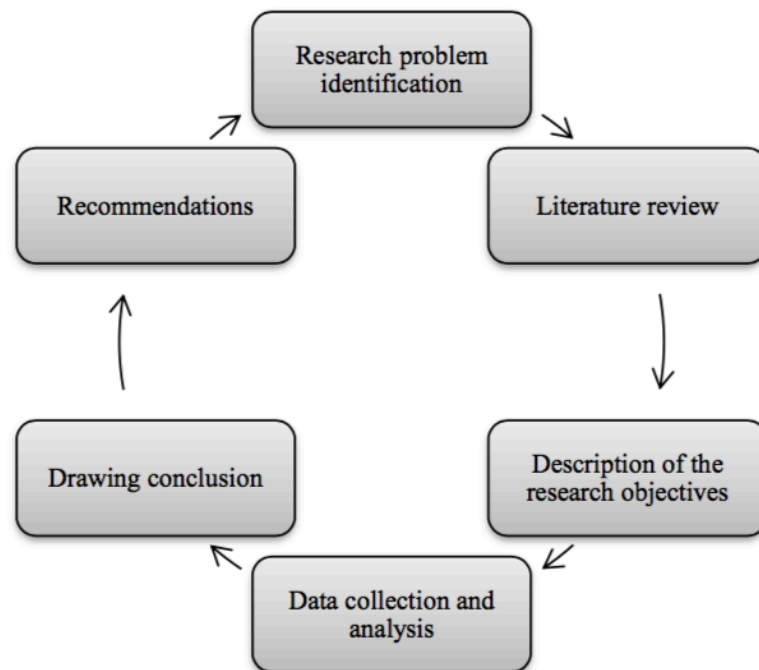


Figure 1.3: Research Process Technical Map

Source: Researcher's construct adapted to Saunders, Lewis & Thornhill,2015.

1.4. Research Methodology

Concerning the aim of this research, an exploratory study with an inductive approach was carried out. Therefore, it tends to interpret the opinions of Millennials regarding the implementation of flexible working arrangements on the MSE's in Peru; and in doing so, a qualitative method was adopted by conducting a semi-structured survey. The research samples are composed of 18 micro-small enterprises, which each one holds ten employees, answering the same sixteen questions. Also, the Likert scale

was used to measure the questions on how Millennials feel about flexibility. Finally, a SWOT matrix was built to point out the internal and external aspects of flexible arrangements in MSE's, therefore, identify their quadrant position on the IE matrix, which indicates whether the implementation of flexibility as a retention strategy should be maintained or change.

1.5. Research Structure

The dissertation report consists of six chapters, including the introduction and conclusion. After the introductory chapter, the second part focuses specifically on the literature review routing into the definition and types of flexibility; also, Millennial characteristics respectively blended with the description of the Millennials in Peru regarding the MSE's. Chapter three address the characteristics and challenges of micro-small enterprises in Peru. Chapter four illustrates the methodology adopted for the study, which will discuss the design of the research, the research methods, and tools, including the data analysis, the methodology limitation, finishing with a self-reflexivity and quality criteria. Chapter five will present the findings and discussion of the research. The final chapter is the conclusion in which a summary of all the work, a set of recommendations, and the limitations of the research.

2. Literature Review

2.1 Definition and Characteristics of Working Flexibility

In the last decade, flexibility has been introduced into the workplace and labor regulations; this new approach of working arrangements is an alternative model that suits the employees' needs and breaks the traditional nine to five, forty hours a week schedule, in which both parties, employer and employee agree on when, where and how the employee will work to meet the organization's needs (Society for Human Resource Management, 2014). Therefore, it is essential to take into consideration the elements that this new wave presents, at the same innovative process of work organization and new disciplines, are emerging in the labor organization Collado affirms, (2001). After implementing flexibility in an organization, some characteristics of the organization are bound to change and improve.

The study conducted by the Manchester Business School affirms that the impact of the main area by flexibility are: efficiency, productivity, communication, and commitment. An improvement in any of these areas ensures the retention of quality employees and achieve a more significant relationship with the whole working team (Sharon Clarke & Dr. Lynn Holdsworth, 2017).

2.1.1 Benefits and Challenges of Work Flexibility

Previous research showed that implementing working flexibility on organizations allows managers and employees to handle work and non-work commitments easily. Therefore, this new way of working is a view as a mutually beneficial process to settle the most suitable arrangement on where, how, and when the work will be done. See Table 2.11.

The benefits of this new way of working arrangements that bring to the employees and the companies are discussed under the following headings (Sharon Clarke & Dr. Lynn Holdsworth, 2017)., which are:

- Increment of job satisfaction and decrease of external complications that employees' may have, like getting into the traffic jam.
- Higher employee engagement and better performance.
- Attraction and retention of qualified employees, especially for Millennials.
- Increased availability to customer service, reaching new markets.

On the other hand, business organizations that have or want to implement working flexibility also face challenges; these companies have to make sure its employees with non-traditional working arrangements do not feel burned or stressed out (Peart, 2019) otherwise, the freedom that flexibility represent can turn into a work overload when they feel like they are working all the time.

Employees that can manage their own working time can decide when to stop working and their personal time begins, sometimes the employees may lose control and mixed them up, for this reason, this is one of the many risks a business organization face (Becker, 2018).

Some people take advantage of the flexibility and the ability to work from home. If an employee requires structure, they may find it challenging to focus on work and not the household chores and entertainment. Office-oriented people sometimes view their work-at-home colleagues as slackers because they cannot physically see their productivity.

Managers are used to seeing staff members come to the companies' offices. Applying working flexibility arrangements means they need to adjust to the new system and let go of some control over the employees, making it hard for them to supervise the quality of work.

Deloitte survey in 2003 supports how necessary flexibility arrangements are; this report quantifies flexibility's cost savings by calculating the turnover expense for those professionals who said they would have left the firm if they have not had a flexible arrangement. Based on this calculation, the firm determined that it saved an estimated \$41.5 million in turnover-related costs in 2003 alone (Corporate Voices for Working Families and WFD Consulting, 2011). However, if managers fail to set boundaries, some negative outcomes may occur, such as: missed work deadlines, distraction due non-work demands, unnecessary turn over cause for employee that have potential but fail to meet due dates (Heejung Chung & Tanja van der Lippe, 2018).

Work Flexibility Advantages & Disadvantages

	For Employees	For Employers
ADVANTAGES	<ul style="list-style-type: none"> -Better handle of work and non work commitment. -Reduced commuting time and travel expenses. -More control over time schedule and working environment. -Can work during the hours that fit your energy cycles best 	<ul style="list-style-type: none"> -Boosts employee satisfaction & performance engagement -Reduces tardiness- and absenteeism. -Reduces employee turnover & increase employee attraction. -Creates a better working envirotent.
DIS-ADVANTAGES	<ul style="list-style-type: none"> -Difficult for office-based staff to work as effectively with telecommuting staff. -Working from home may mislead loved ones about time availability. -No clear dividing line between home and work 	<ul style="list-style-type: none"> -Significantly reduce of control, harder to supervise remote employees work. -Communication flow may suffer. -Sense of unfairness when only certain employees have work that can be done remotely

Figure 2.1-1: Work Flexibility Advantages and Disadvantages

Source: Work Flexibility Advantages and Disadvantages, 2019.

2.1.2 Types of Work Flexibility

A business organization that wishes to integrated working flexibility to their structure can choose from a great variety of forms that flexibility might take and decide which one is the most compatible with their style of work; for example, Family and

Medical Leave Act (FMLA), designed by the U.S. Department of Labor, help employees balance their work and family responsibilities by allowing them to take reasonable unpaid leave for specific family or medical reason. It also requires that their group health benefits are maintained during the leave, and it is job-protected (U.S. DEPARTMENT OF LABOR). See figure 2.1.2.

There are four primary types of work flexibility preferred among Millennials are time, location, amount of work, and functional flexibility (GALLUP, 2016). The following is an explanation of how each adjusts to organizations and millennial employees.

Flexibility in Time: it allows the employees' partial freedom to distribute their amount of total hours; employees can manage how many hours are designated to nonworking demands (Sharon Clarke & Lynn Holdsworth, 2017). There are different types of flexibility in time such us: flextime, compressed workweeks, flexible shifts, part-year, seasonal schedules, and flexible breaks during the workday (Society for Human Resource Management, 2019).

Flexibility in Location: also knows as “flex-place,” allows employees to conduct their work tasks away from their regular offices and keep constant communication with their organizations electronically. Teleworking is a good example and the right fit for many companies in the technology industry, for example, Microsoft and HP Japan, both well-known companies implemented teleworking in 2007, and by 2008 they had successfully expanded their target range, on top of that an average of 6000 employees have had flexible working implemented in their job schedules (Hiroshi Suzuki, Chiaki Imaizumi, & Yukie Tachi, 2012)

This form of flexibility can be beneficial for the company’s business since the organization can hire and retain quality employees that live far away or in other cities or countries form the worksite (Loubier, 2017). Therefore, the probability for the company to expand into other areas increases. At the same time, employees can save

time and money, avoiding round trip ride from work, spending less on business outfits and increasing their ability to manage their work with their personal life demands.

Flexibility in the Amount of work: focus on the number of hours an employee has to complete its tasks or duties. Organizations usually use this type of flexibility to attract or retain employees with specific quality, save in labor cost and manage peak hours or seasonal work. This type of flexibility includes part-time, transitional part-time, reduced-load work, job-sharing, and seasonal part-time.

Functional Flexibility: the ability of an organization to move employees to other duties or responsibilities within the company. Functional flexibility reflects an organization's ability to adapt to changing conditions and requirements and is affected by issues such as training, management, and outsourcing (Business Dictionary).

The dimensions that integrate this type of flexibility, according to Wright and Snell, are three: human resources management practices, skills and employee behaviors (Wright and Snell, 1998; Bhattacharya et al., 2005). The first of these refers to the different ways in which the organization can use its human capital by reallocating it, when necessary, in the time available.

The second and third represent how individuals adapt their skills and behaviors to the requirements that a given situation or context demands at any time, (Wright and Snell, 1998; Bhattacharya et al., 2005) allowing the company and employees achieve not only forgotten goals but also more personal and social goals.

Therefore, functional flexibility is classified as follows (Echeverría, 2003): changes in working time; staff turnover in different positions and tasks to be performed, as well as the versatility of activities; use of overtime; Shift work, on weekends, daily work breaks and compressed workweeks; redistribution of annual leave (sabbatical, maternity leave); teleworking and part-time work, project work "(Gonzales and Ibarra, 2010, p. 44).

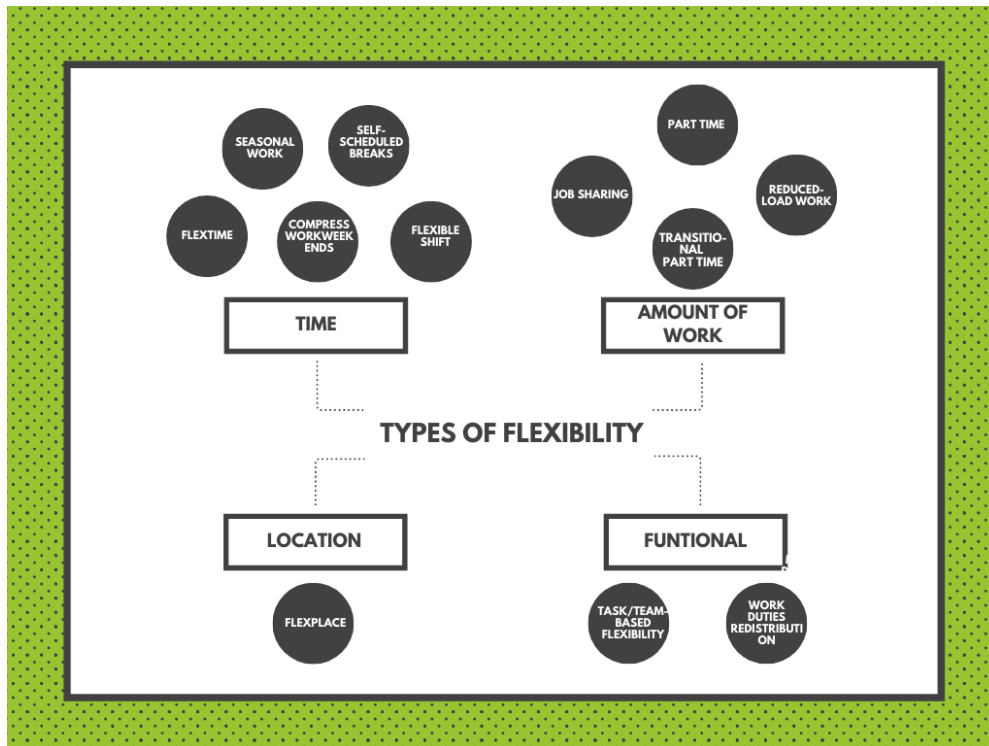


Figure 2.1.2: Types of Flexibility

Source: Society for Human Resource Management, Types of Flexibility, 2019

After all, such policies could benefit the attitudes of employees towards their work, including strengthening employee commitment to its organization and job satisfaction.

In this way, according to Scandura and Lankau, these new policies correlated with the loyalty of employees towards the organization, since the organization will be considered a family-friendly work environment. (Scandura and Lankau, 1997) Therefore the relationship that exists between the organizations that offer these new policies and the employees who perceive them is vice versa, meaning that both parties benefit from these new measures. For employees, these flexible practices provide them with a job that values their families and personal lives; Employers feel confident having employees more committed to their work. Therefore, the work environment turns ideal and show better job results and decrease work or family conflicts.

2.2 Employee Retention

A paper written by Sultana Nazia & Bushra Begum had pointed out that employee retention is an effort by a business to maintain a working environment that supports current staff in remaining with the company (Sultana Nazia & Bushra Begum, 2013). Many employee retention policies are aimed at addressing the various needs of employees to enhance their job satisfaction and reduce the substantial costs involved in hiring and training new staff. It is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project (Giri, 2008). Retention Strategies helps organizations provide effective employee communication to improve commitment and enhance workforce support for key corporate initiatives.

According to Leslie McKeown, employee retention is defined as *"A systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs"* (Mckeown, 2002). The costs associated with turnover may include lost customers, business and damaged morale. In addition, there are the hard costs of time spent in screening, verifying credentials, references, interviewing, hiring and training the new employee just to circle back where it started (Klinvex, 2002).

Also of concern are the costs of employee turnover, including hiring costs & productivity loss. Replacing costs usually is somewhere between 90% and 200% of the individual (PayScale, 2017). Therefore, employee retention is an effort by a business to maintain a working environment that supports current staff in remaining with the company.

2.2.1 ERC Retention Model

Employee Retention Connection's model, ERC, concentrates on applied organizational experience indicating three primary drivers of employee retention.



Figure 2.2.1: ERC's Model Drivers

Source: Sultana Nazia & Bushra Begum, 2013

2.2.1.1. Stimulating Work

One of the topics in which it is essential to develop into this work is stimulation, refer in this thesis as motivation, which is understood as the psychological force that brings together a set of reasons why a person's behaviors can be understood (Rodriguez, 1988), among these reasons impulses, interests, needs, purposes, thoughts, end, aspirations and desires are located (Zepeda, 1999).

Motivation is what drives a person to act in a certain way and creates a propensity for specific behavior. (Kast Fremont & Rosemzweig, 1990). Employees need to be motivated, so that work does not become an oppressive activity.

Being motivated towards work also has several positive psychological consequences, such as self-realization, feeling competent, relevant. At the organizational level, it brings with it low rates of absenteeism and employee turnover in the workplace, as well as high levels of performance and productivity of the employees in their positions (Fernandez & Moreno, 2006).

Concerning the above, Robbins (1999) explains that "the will to exert high levels of effort in favor of organizational goals, conditioned by the ability of the effort to satisfy some individual need" Which, is essential for companies due to the profit it represents for labor productivity.

Herzberg (1959), conducted twelve comprehensive investigations with personnel from different industrial companies about people's attitudes towards their jobs in order to find determining factors of individuals' attitudes towards their work and to discover

and reinforce the kinds of things that make people motivated and happy or to discover and reduce the kinds of things that discourage and make people unhappy when they work. In these investigations, they lead to results that allow the author to publish his text entitled "Motivation to work" in which he states that the individual has a wide variety of intrinsic needs that are taken into account to enrich work and are those that generate states lasting motivation and excellent performance at work, since environmental needs and external rewards alone do not motivate, thus concluding that human motivation in the workplace depends on both intrinsic and extrinsic factors.

2.2.1.2 Leadership

Leadership is a fundamental element in the development of an organization, the people who undertake control will be seen as responsible for the results in the various level that make up a business group; According to Mintzberg As a first measure of leadership, the manager is established as a person in charge of an organization, his position can be located at any level of organizational hierarchy and leads to the supervision of people from multiple organizational functions, where the work overload is high. Their tasks are challenging to solve, mainly because they demand agile solutions. There are a large number of factors related to the environment that can influence managerial work, among which are the culture of the environment, the nature of the sector, competition, the rate of change, technological changes, among others. Of course, managers at all levels play typical roles, but with different priority approaches. The more dynamic the environment of the organization, the more time the manager must spend on communication, and the more fragmented his work will be. Having clear the panorama of the responsibilities of the manager, the responsibilities with his staff cannot be isolated or set aside since the leaders must be attentive with the rotation trends over time, quantitative and qualitative rotation indicators serve to reveal the nature the impact that leaders have on companies (Ulrich, Zenger, & Smallwood, 2000).

2.2.1.3 Recognition and Rewards

Reward policies can become an important source to attract and retain good employees. Rewards or incentive systems play a fundamental role in organizations, as

it is one of the main tools to achieve staff motivation, facilitate the achievement of the organization's strategic objectives and support both individual and collective learning that contributes to achieving sustainable competitive advantages (Boyd and Salamin, 2001 and Larraza, 2002). On the other hand, Fernández (1998) recognizes that the importance of rewards lies in their ability to achieve an adequate level of employee satisfaction. Higher job satisfaction increases performance, reduces conflict and stress, increases commitment to the organization's objectives, reduces turnover, absenteeism and delays, improves communication and coordination. Gerhart and Milkovich (1990) state that the implementation of incentives motivates employees to make a more significant effort, in a way that contributes to improving the organization's performance in the long term. High salaries are, in turn, a consequence of business success, and commenting on high pay is only possible in specific industries that have less competition and particularly well-trained staff.” (Pfeffer, 2000) Table 2 summarizes and describes the intrinsic and extrinsic factors of ERC’s model drivers.

Table 2.2.1: Intrinsic and Extrinsic Factors of ERC’s model

ERC's Model	Intrinsic		Extrinsic
Work Stimulation "Motivation"	<p>Personal life: because there are situations in which some aspect of work has affected the personal life of the employee, generating good or bad feelings towards work.</p> <p>Working conditions: note that the physical conditions of work, the amount of work, or the facilities available to perform the work (Herzberg, Mausner,& Snyderman, 1959)</p>	<p>Recognition: verbal where the source can be any: another individual, call yourself a supervisor, client, partner, a professional colleague or the general public. And through specific rewards such as a promotion or salary increase which are also considered as acts of recognition that encourage the worker.</p> <p>- Responsibility: it has to do with the achievement of new tasks and tasks that expand the position and provide greater control of it.</p>	<p>Salary: includes all the sequences and events in which the compensation plays a surprisingly sufficient role.</p>
Leadership	<p>Work security: refers to complaints procedures, fair work rules, policies and procedures of the organization, also includes considerations of stability or instability of the company that generates feelings in some way in the motivation and safety of employees.</p>		<p>Interpersonal relationships which include the categories of: interpersonal relationships with superiors, interpersonal relationships with subordinates, interpersonal relationships between colleagues.</p>
Recognition & Reward	<p>Achievement: It is the opportunity to do interesting things. This focuses on setting employees to success, these include: final success of a job, solutions to problems, claiming and seeing the results of other jobs.</p>		<p>Promotion: change in the status or position of an employee in the company, in situations when there is an individual transfer from one party to another in the company without any change in status but with an increase for job responsibilities, the change was considered an increase in responsibilities, but not formally a promotion.</p>

2.2 Millennials

Generation Y, or now days are commonly known as Millennials, is the group of people born from 1980 to 2000 (Rosi Villanueva & Carlos Fowks, 2019). This group of young people is very peculiar to define since their ages go from teenagers of 19 years old and adults of 35 years old, even though their maturity level and goals expectations can be far apart, the way of how they like to be their life is surprisingly similar.

This group of people possess great strengths of qualities like adaptability and empathy (CliftonStrengths), shown on the way of how they break traditional concepts of life and make everyone around them accommodate to their way of thinking, for example, the concept of family for Millennials does not necessarily involve marriage as an option, having a family for them is the fact to feel safe and comfortable so they can be themselves, a best friend can be considered as a family for them. Also, marriage between the same gender of people is not frowned upon in their new society.

Millennials grew up surrounded by cellphones, computers and the internet, playing a significantly important part in the way they gather information or news, how they interact or communicate with each other and setting new standards in different aspects of their life, especially in their hunger for knowledge and work expectations (GALLUP, 2016) Their education level is high, according to Gallup Millennials, one in three (31%) Millennials over the age of 21 now hold a college or advanced degree. (GALLUP, 2016) At the same time, this generation like to look for further information that complements what they already know in a self-taught way, using the tutorials on the internet are its primary tool.

Based on the Cantrell Self-Anchoring Striving Scale that rate their current and future well-being lives on a ladder scale with steps numbered from zero to 10, Millennials well being come up as a medium-low strong, consistent and progressing in particular elements such as their life purpose, fulfillment in daily work activities and interactions, social relationships, physical health, personal finance, and their roll in the

community (Carr, 2014) These elements provide clues about the interaction and interdependency of the aspects mention before, for example: in workplaces, the well being of the workers can be used as a prediction tool to measure absenteeism, performance, productivity, turnover and employee engagement.

Lastly, Millennials are breaking traditional concepts, looking for a place where they can feel safe and feel proud that they belong there. However, they usually do not feel pride in the place they work or come from and have some problem adapting; therefore, they might go out of their way to find a place where they can feel comfortable.

2.3.1 Millennial Worker

In the work area, Millennials are different to past generations; they do not just work to get a paycheck at the end of the month, they need to have a purpose, some sort of feeling of achievement, they need to feel that what they are doing in the workplace has meaning (GALLUP, 2016). For example, baby boomers, like Millennials parents, did not need meaning to do their work; pass generations just focus on how that monthly income brings stability into their home. For Millennials, on the other hand, workers' compensation has to be fair according to their abilities. However, it is no longer what drives them into looking or keeping their job (Sanghani, 2019).

According to the U.S. Bureau Labor Statistics, the participation of Millennials in the labor force make up between 55 % to 80 % of the population (U.S. Bureau of Labor Statistics, 2018); this percentage includes people that only work and people that work and study at the same time. See figure 2.3.1-1 below:

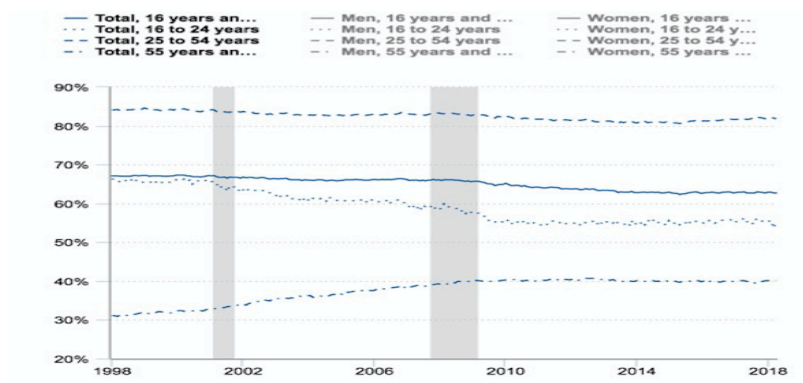


Figure 2.3.1-1: Labor force participation rate by age and sex, 2018
 Source: U.S. Bureau of Labor Statistics, 2018

The percentage compounds more than half of the labor force, pointing at millennials responsible for the late changes in the workplace. As stated before, this generation is breaking down policies and organizational structures, pushing companies to reevaluated their human capital strategies like culture, benefits, work environment, and more.

Although they are highly educated and very active in the labor force does not mean they are pursuing their ideal career that provides fulfillment in their lives, some millennials just take jobs that do not require a college degree in order to have some income and jobs with fewer qualification requirements usually tend to have low wages, making them feel over qualify, unhappy and less engaged in their job position, costing the economy \$284 to \$469 billion annually in lost productivity (Borysenko, 2019). This phenomenon of dissatisfaction and lack of engagement increases the turn over of a company and is the driving force for millennials to be seeking better job opportunities continuously (Sanghani, 2019).

Three main characteristics define this generation in the work area. The first characteristic is that Millennials rather work from home or any other environment other than the companies office. The second characteristic, most of them do not feel very comfortable with fix office hours, lastly, once they get a job, the environment of the

workplace has to be fitted according to their needs not to affect their productivity and performance (SKILL SURVEY, 2018), so at the moment they look for a place to work and develop a career path. The thing that matters the most for them is how flexible that company can be, then how well the company treats their employees and what other benefits are right for them. See the figure below.

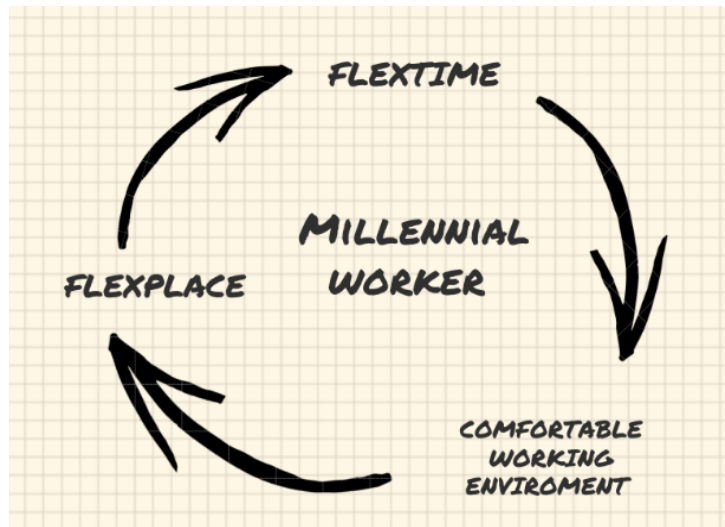


Figure 2.3.1-2: Millennial Worker Characteristics

They usually last a short time in a job thanks to the high expectations they generate for the job. If companies fail to understand and value the millennial way of thinking, they are failing to create work environments that attract and retain this group. The heavy responsibility to meet this generation needs, revolutionizing the traditional strategies falls in the shoulders of managers or coaches as they prefer calling them, to provide millennials with a significant boost of satisfaction they all yearn.

2.3.2 Millennials in Peru

In Peru, around 8 million people of the total population belong to this generation. Alike the Millennials in the U.S.A or Europe, they also are in the search for a job with meaning and fulfillment, with working flexibility options and in the case, they do not feel satisfied with their current company, the search for a better company is also very common in them (Brandon Rigoni & Amy Adkins, 2016).

A Peruvian newspaper *Semana Económica* with the support of the IPSOS research group shows that Millennials in Peru do care about money, steady income flow and job stability, breaking the first myth by concluding that this generation does care about money. The results indicate that for a chance to have an income, a millennial stay in a workplace, and to have a salary level that keeps maintaining a lifestyle, is one of the three main factors that interest him when looking for a job. For every highly educated Peruvian millennial, full professional development is related to doing what he loves and more to do with becoming an expert in his field. Therefore, Peruvian Generation Y is willing to work overtime in order to ascend faster (Rosi Villanueva & Carlos Fowks, *En que se diferencian los millennials en el Peru*, 2017).

In Peru, the ranking of priorities is led by starting your own business, having a home, followed by generating a positive impact on society, traveling and knowing the world, as well as getting a higher salary, in that order. Unlike Millennials in the USA or Europe, their top priorities are the satisfaction of their daily activities, and their balance of there work and non-work activities. On a global level, their concerns priorities are the same as the rest of the Millennials, led by global ranking on climate change, environmental protection and natural disasters.

Although Millennials in Peru represent 25% of the total population and 60% of the labor force, companies are still not aligned with their perspectives. In this sense, young generations believe that companies and their leaders are focused on their profitability without considering their social impact, generating unnecessary turnover.

Overall, these papers have answered the essence of the research questions, which are to explore the importance and impact of flexible working arrangements regarding Millennials employees in the working environment, gathering the best practices for effective implementation of flexible working. Figure 2.3.2, points concisely how flexible working arrangements is part of a whole system that drives Millennials and strengthen the working relationship between a company and its employees.

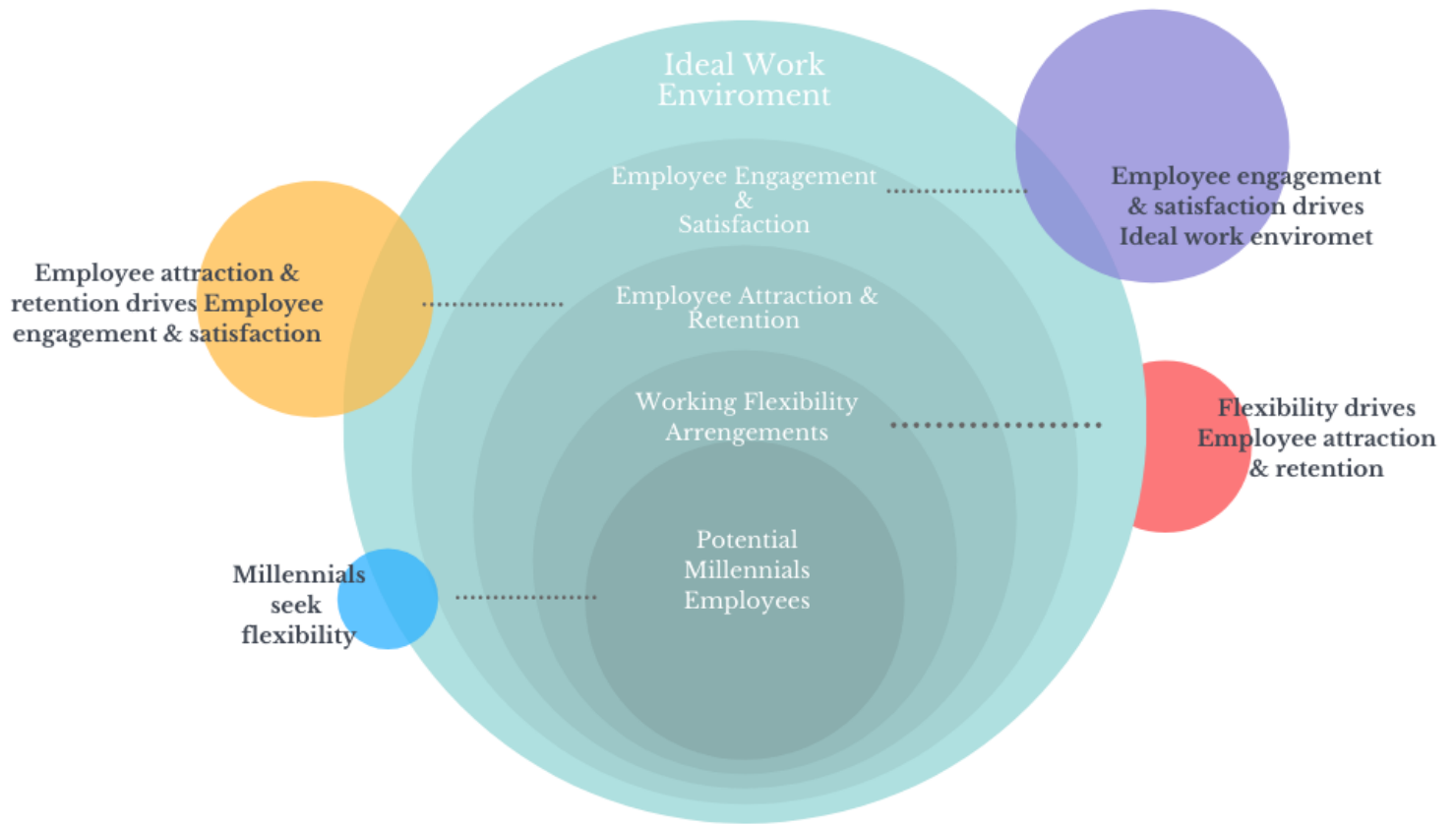


Figure 2.3.2: Flexibility Impact on Organizations Environment

3. Micro Small Enterprises in Peru

After the energy crisis in the '70s, many Latin American countries were left with high commercial deficit and loads of financial obstacles, forcing them to ask credit from external countries to get their public investment programs flowing. Due to this credit option, the demand for new productive business creates Micro - Small and Medium Enterprises in all Latin America, in this thesis, the only focus is on Micro Small Enterprises, Mses.

Currently, the work carried out by Micro and Small Businesses is of clear relevance, not only taking into account their contribution to job creation but also considering their participation in the socio-economic development of the areas where they are located. Okpara and Wynn (2007) affirm that small businesses are considered as the driving force of economic growth, job creation and poverty reduction in developing countries. In economic terms, when a micro or small business entrepreneur grows, it generates more employment, because it demands more labor. In addition, its sales increase, and with this, it achieves more significant benefits, which contributes, to a greater extent, to the formation of the gross domestic product (Okpara & Wynn, 2007).

In Peru, this type of organization has been a great economic and social growth for the county. MSEs are 49% of the total GDP of the country, and 88% of the labor force is hired by this private sector.

MSEs not only had an attractive appealing to new entrepreneurs, but at the same time, the government encourages informal business owners to work formally and legally in Peru.

Micro – Small Enterprises have been acquiring changes over the years. This chapter will be explaining the definitions, characteristics and challenges these sectors have.

3.1 Micro Small Enterprises Definition & Characteristics:

In the last decade, the MSEs sector has been the most dynamic concerning the creation of new jobs: in this time, employment in the micro and small business has grown at rates of 9% per year while in the Large company has grown at 2% annual rates.

According to the National Superintendence of Customs and Tax Administration – SUNAT of Peru, the Micro and Small Enterprises is the economic unit constituted by a natural or legal person, under any form of business organization or management contemplated in current legislation, which aims to develop activities of extraction, transformation, production, marketing of goods or provision of goods services (SUNAT).

From a quantitative point of view, the criteria most used to define micro and small enterprises are the number of workers, capitalization, net asset and gross, capital investment, including investment in machinery and equipment, value aggregate, gross and net income, exports, wages and salaries paid. Among the qualitative criteria, the ones that apply most frequently refer to independent ownership and management or a combination of ownership and management, type of management, technical capacity, and moral integrity of the owner.

A large number of micro and small enterprises and the significant proportion of the economically active population that they absorb are essential characteristics that Peru shares with other developed and underdeveloped economies. In third world countries, most MSEs have severe limitations in their growth and performance as a result of the low qualification of the employer and the workers and of the few fixed assets they possess, resulting in low productivity, low-quality products, high levels of waste, which ultimately translate into high levels of underemployment, informality and poverty for workers in this sector. However, MSEs show some advantages such as

adaptability and flexibility, ease of adapting quality systems, direct contact between the employer and the client and between the employer and his workers.

In order to qualify as a micro or small enterprise, it is necessary to place themselves in one of the following business categories, established according to their annual sales levels. These characteristics apply to MSEs since July 3rd of 2013, where a minimum or a maximum number of workers is no longer required (Ministerio de Producción del Perú, 2016). See Figure below.

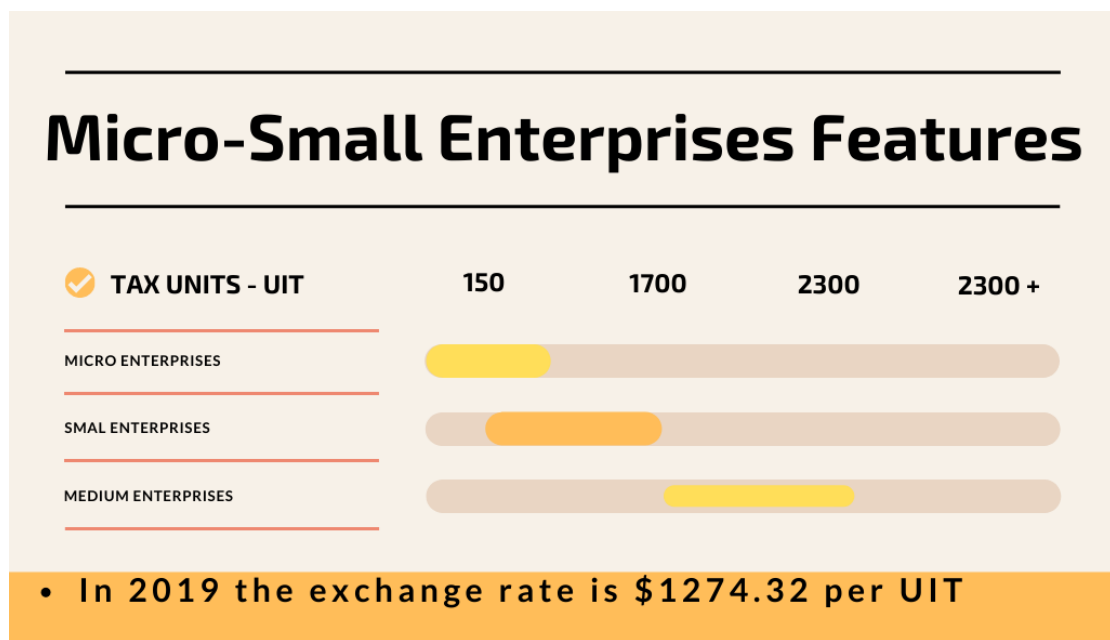


Figure 3.1: Micro-Small Enterprises Taxes Units Features

Source: Ministry of Production of Peru, 2019

3.2 Importance of Micro Small Enterprises

In developing countries such as Peru, MSEs play a fundamental role in the dynamics of the market, producing and offering goods, adding added value and contributing to the country's employment.

Nowadays, in Peru, MSEs represents a crucial role in the productive structure of the country, both for the number of establishments and employment, developing in

some areas of the country as the only form of existing business organization on which the economic activity revolves.

According to the Ministry of Labour, MSEs represent 99% of the total number of companies in the country and are responsible for 49% of the national production.

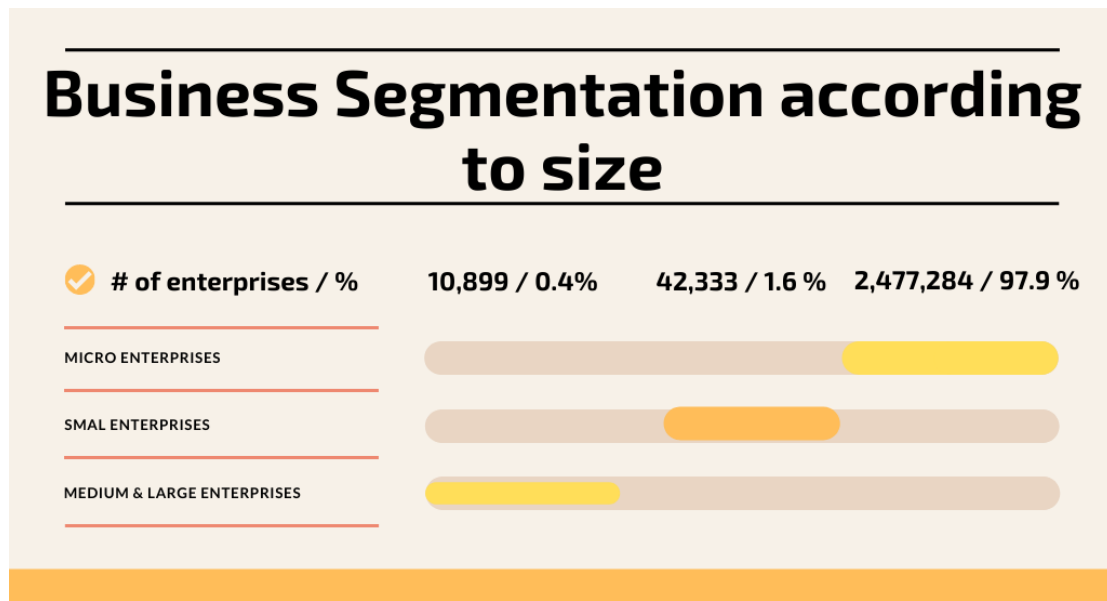


Figure 3.2-1: Business Segmentation according to size

Source: SUNAT, PROMPYME, 2005

MSEs also have the large majority share in the most critical productive sectors of the national economy, representing more than 96% of the total number of companies operating in each of the sectors, MSEs participate in the productive process of the country carrying out a set of various economic activities, being Commerce and Services which concentrate the most considerable amount of MSEs with a 49% and 33% respectively, followed by Manufacture 11%, and more lagged Agriculture and Construction with 3% each. The figure below represents the business scope of Mses.

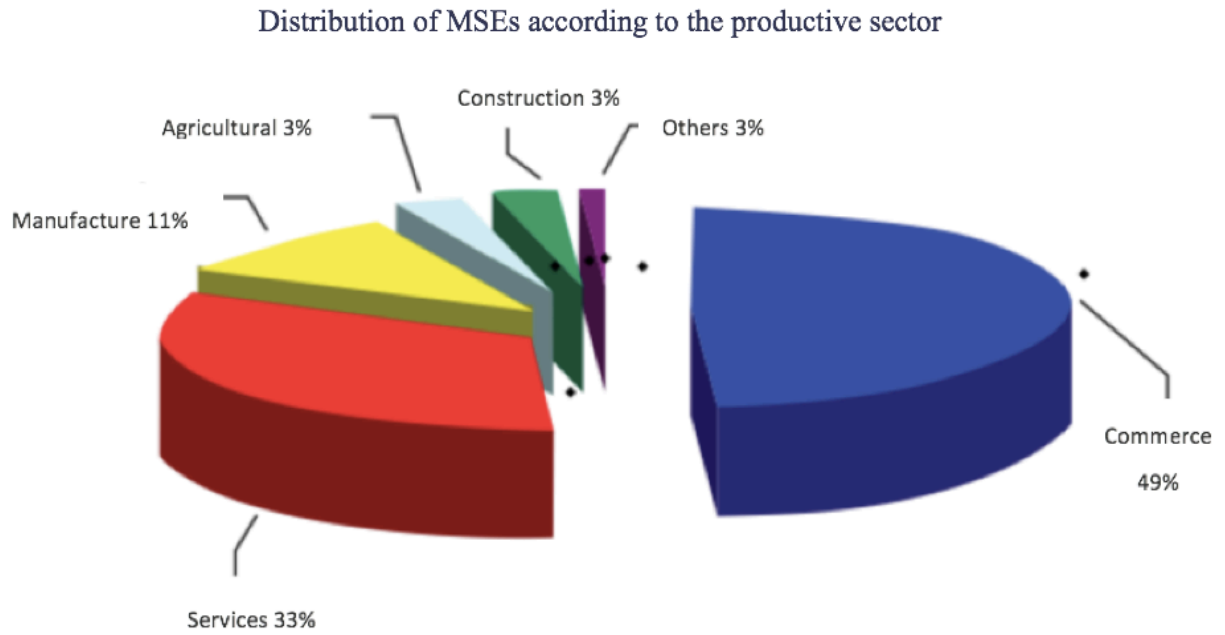


Figure 3.2-2: Distribution of the MSEs according to the productive sector
 Source: SUNAT, Ministry of Labor of Peru, 2005

3.3 Challenges of the Micro Small Enterprises

Among the factors that slow the growth of MSEs are the excessive tax burden, poor associativity, reduced access to technology, difficulties in obtaining financing and employee retention, entry into new markets, bureaucratic barriers and labor rigidity.

To this is added the limited participation in the state procurement processes, low quality of goods and services, as well as inadequate training. According to the president of the Small Business Guild of the Chamber of Commerce of Peru, Jorge Ochoa, "This leads to low competitiveness, forcing them into informality."

It is worth mentioning that the microenterprises that exist in Peru access the credits of the Peruvian financial system paying an interest rate eight times higher than that charged to a large company.

3.4 Flexibility in Micro Small Enterprises

In 2017, The Ministry of Labor and Employment Promotion (MTPE) of Peru reported that 1,000 new teleworkers were planned to be hired in private companies and public entities (Gestion, 2017).

Currently, there are 648 teleworkers in 145 companies in different areas of Peru, according to the MTPE, "*Due to the impulse of teleworking in the working sector, a special modality of service characterized by the use of information and telecommunications technologies without the physical presence of the worker*" (Ministerio del Ambiente del Peru, 2019)

The Ministry of Labour of Peru has an objective to improve the employability conditions of many workers, emphasizing the most vulnerable populations such as women victims of violence, in pregnancy or lactation, or with children; as well as people with disabilities, making possible to adopt more efficient and flexible organizational structures that adapt to the demands of the contemporary labor market and also benefits workers because they can work from home improving their quality of life (Ministerio de Trabajo y Promoción de Empleo, 2017).

3.5 Impact of flexible work arrangement in Micro Small Enterprises

Teleworking platforms in Peru are multiplying, and their performance is increasing dramatically; “startups” appear with innovative visions and unsuspected forms and possibilities of teleworking begin before the pandemic, with an offer of wealth and benefits that will only increase over time (Gestión, 2020). However, teleworking, as the only form of working flexibility in Peru, is affecting the employees’ emotional balance as a consequence of their decision-making and productivity.

In this regard, studies on the subject are beginning to appear in Peru, and they are not very encouraging. A recent survey conducted by LinkedIn showed that 86% of employees working remotely had experienced a negative impact on their mental health,

increasing their anxiety and, with it, also a deterioration in their sleep patterns. On the positive side, 44% said that they have been more connected to the family with a better balance between work and personal life (Carrick, 2020). The improvement in work and personal responsibilities balance might partially mitigate the previous harmful effects, but it will not be enough to compensate in the long run.

Another research commissioned by LinkedIn and the Mental Health Foundation found that 79% of surveyed executives think that teleworking has fostered a new culture called “e-presentism,” which means that employees feel they should be online and available as much as possible, even outside working hours, not only to fulfill their tasks but also to defend their job, even if they dedicate part of the day to functions that are not proper to their positions (LinkedIn and the Mental Health Foundation, 2020).

Chris O’Sullivan from the Mental Health Foundation said, *“Employees feel that they should be online and available as much as possible, even after business hours, not only to do their jobs but also to defend their jobs.”* (Carrick, 2020).

These last two studies from LinkedIn has a specific focus, as it has analyzed employees remotely working under a very special variable that is COVID-19, where the population is in quarantine at their homes, discarding any possibility of recreation out of their home. In Peru, before the pandemic of the virus, only teleworking was register as a legitimate way of working flexibility, and it was just focusing on particular groups like disabled people, pregnant women, etc. However, working flexibility includes more than small groups of people. It is also about the employees’ well-being to achieve their best productivity in the company in which they work. Therefore, LinkedIn and the Ministry of Labour of Peru articles are essential in supporting the reason for my dissertation to identify how flexible working arrangements impact the Peruvian MSEs in a typical environment.

Within this thesis, the state impact of working flexibility arrangements between Millennials and MSEs will be examined and whether or not there is a notable positive

impact between time flexibility and employee retention. Looking at the literature review on flexibility and Millennials as a whole, it has given me a reason to support the aim of my dissertation more as I have not seen in my research micro-small enterprises that have directly apply working flexibility arrangements in their organizations, and what factors can affect the introduction of this new working arrangements. How does the working millennial wave impact the traditional working arrangements, and would working flexibility arrangement be the key to retain qualify millennial workers?

The research question that I will be answering is significant to the existing literature as it will be analyzing the practice of working flexibility and Mses. It will focus on how working Millennials will react when the chance of working flexibility arrangements are present and which practices are more appealing to them. I had not encountered many real-life examples of MSEs employees and its working practices since the survey was done before the COVID-19 appeared in Peru. However, a detailed analysis of representative real-life opinions can contribute to the existing body of research, which has been partially analyzed in this literature review.

4. Research Method

This chapter discusses the rationale behind the methodology selected to conduct the research. The aim of the study has been the exploration and analysis of flexible working practices towards employee retention of Peruvians Millennials. The objectives are:

- 1) To gain in-depth knowledge of the management of working Millennials under flexible working arrangements.
- 2) Find out how well this type of arrangement fits in Micro-Small enterprise in Peru.
- 3) Examine to what extent the staff of MSEs in Lima prefer the traditional full-time workday.

This chapter will first explore the research philosophy and approach, then the research purpose and process, and the research methods and tools that contain the data analysis. Methodology limitations and ethical considerations will end the chapter.

4.1. Research Philosophy

When researching the business and management field, a basic understanding of the philosophy of social science is essential for the researcher to “shape the practice of research and the theoretical conclusions which are drawn on the basis of the data collected and analyzed” (Bell, Bryman & Harley, 2018, p.25).

According to Saunders, Lewis & Thornhill, the philosophy of the researcher with several assumptions on the subject of the study could be classified in one of these positions: realism, interpretivism and positivism (Saunders, Lewis, & Thornhill, 2009).

To determine which position is convenient for this research, it is essential to examine the nature of the study by considering the aim and objectives. The aim is to explore and analyze flexible working practices towards employee retention of

Peruvians Millennials, which means in other terms that the research studies human individuals. A subjective study is referred when the researcher connects directly to what is sought by observing and distinguishing the social reality from one's own perception (Collis & Hussey, 2013). Therefore, during the research, the social phenomena are explored in an interpretative way by the author. In consequence, the research philosophy appropriate for this study is interpretivism.

4.2 Research Approach

Following the philosophical stance through the appreciation of the research position, it is also crucial to clarify the adequate research approach for conducting the study. Saunders points out that the research approach underlies the method of using concepts when implementing research. There are two categories of research approaches: the deductive approach that implies analytical testing, and the inductive approach that develops theories (Saunders, Lewis, & Thornhill, 2009). The main differences between the two approaches are outlined in Table 4.2.

Table 4.2: Differences between the deductive and inductive approach

Deductive approach	Inductive approach
<ul style="list-style-type: none"> • Scientific principles • From theory to data • Explain causal relationships between variables • Collection of quantitative data • Application of controls to ensure the validity of data • Operationalization of concepts to ensure clarity of definition • Highly structured approach 	<ul style="list-style-type: none"> • Gaining an understanding of the meanings humans attach to events • A close understanding of the research context • The collection of qualitative data • More flexible structure to permit changes of research emphasis as the research progresses • The realization that the researcher

<ul style="list-style-type: none"> • Researcher independence of what is being researched • The necessity to select samples of sufficient size 	<ul style="list-style-type: none"> • is part of the research process • Less concern with the need to generalize
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Source: Saunders et al. (2016)

Based on this comparison, the inductive approach is the most convenient for this study, as part of the purpose here would be to understand how Millennials are and should be, managed. Then, using the data patterns to correspond to the emerging theories, as induction owes more to interpretivism (Saunders et al., 2016).

4.3 Qualitative Research

Considering the interpretivism philosophy assumption with an inductive approach, the ideal method of analysis of this research project is qualitative. Creswell & Poth stated that “*qualitative research begins with assumptions and the use of interpretive or theoretical frameworks that inform the study of research problems addressing the meaning individuals or groups ascribe to a social or human problem*” (Creswell & Poth, 2017). Therefore, as the research project aims to generate insights into the flexible working arrangements toward Millennials, it uses the participant’s viewpoints to develop empirical knowledge (Corbin & Strauss, 2015), this is also related to the data collection technique adopted for the researcher because to get qualitative information. The researcher should not only interact directly with the participant but also build affinity and demonstrate understanding to acquire cognitive data (Taylor, Bogdan, & DeVault, 2015). In doing so, a survey with open questions is pertinent to the characteristics of this qualitative research. The next section will develop this method further.

4.4 Research Methods and Tools

4.4.1 Semi-Structured Survey

A qualitative survey is the study of diversity in a population in various fields of empirical research (Stenius, B & Cunnington, A, 1972). In the survey handbook, Fink recommends qualitative survey analysis to explore meanings and experiences (Fink, 2003). Additionally, Wester suggests the interviewer carry out a theoretical sampling alone with a constant comparison of various empirical cycles such as reiterative analysis and data collection (Wester, 2000) Interviewers could be categorized as either unstructured or semi-structured questionnaires or surveys. The choice depends on the purpose of the study (Saunders, Lewis, & Thornhill, 2009).

Considering the research purpose of this work, and to collect the primary data needed, an online semi-structured survey with 180 participants from different MSEs in Lima Metropolitana was initially planned. For this type of survey, the researcher already has a list of questions to be covered during the online survey. This survey is conducted with an open-ended statement enclosing the range of answer options to restrain the participants adding further irrelevant information, and the researcher could only focus on the questions or information related to the topic. A copy of the survey is provided in Appendix A.

So, three subjects are respectively associated with the interview question of this research, which is composed of sixteen questions, see Appendix B. The first two questions concern the demographic of the participants, to ensure all participants are Millennials working for MSEs in Lima, Metropolitana; the second set of ten questions refers to the importance of the flexible working arrangements in managing Millennials employees, and the last four questions explore the option of flexible working arrangements as a key tool for employee retention.

4.4.2 Research Sampling and Data Collection

When selecting a participant in the qualitative research, the characteristics and size of sample matters as the “participant should be likely to generate rich, dense, focused information on the research question” (Cleary, Horsfall, J, & Hayter, M., 2014).

To create a logical and efficient sampling with intentional diversity, all appropriate varieties of the phenomenon saturation must be covered. According to Glaser & Strauss, the saturation in the survey categories is the logic for theory development and hypothesis validation (Glaser & Strauss, 1967). For this research, the alternatives to labor flexibility will be reduced to four options: location, time, amount of work and functional flexibility. At that low level of detail, a small sample can provide enough saturation.

Furthermore, research sampling corresponding to a qualitative study is usually small; hence this research used a sub-sample of all the MSEs in Lima. The number of MSEs companies in the current analyses was limited to those located in the same square area and included the same amount of employees hired. According to Murray and Larry (Spiegel & Stephens., Schaum's Outline of Statistics, 2009), the formula to calculate the sample size for the finite population is:

$$n = \frac{N Z^2 p q}{(N - 1) d^2 + Z^2 p q}$$

Where:

- n: sample size

- Z: value corresponding to the Gaussian distribution

- p: expected prevalence of the parameter to be evaluated, in case of unknown

(p = 0.5)

- d: error that is expected to be made.

Thus, by replacing the numerical values into the formula, the number of samples are obtained:

$$n = \frac{180 \cdot 1.96^2 \cdot 0.5 \cdot 0.5}{(180 - 1) \cdot 0.052^2 + 1.96^2 \cdot 0.5 \cdot 0.5}$$

$$n = 119.6829722$$

The final sample includes 180 observations representing 120 employees in 18 different companies located in the same square area.

The observations in the table below representing 120 employees in 18 different companies. Seven of these companies are in the service sector, such as consultants, architects, design, six are dedicated to construction, three are from the fishing sector, and two are from the medical sector.

Table 4.4.2: MSE's registered with ten employees in June 2019 in Lima, Peru

MSE's registered with 10 employees in June 2019 in Lima, Peru			
PROVINCE	DISTRICT	SECTOR	LOCATION
LIMA	ATE	CONSTRUCTION	AV. JAVIER PRADO
LIMA	LA MOLINA	DESIGN	AV. JAVIER PRADO
LIMA	LA MOLINA	FISHING	AV. JAVIER PRADO
LIMA	LA MOLINA	CONSTRUCTION	AV. JAVIER PRADO
LIMA	LA MOLINA	CONSULTING	AV. JAVIER PRADO
LIMA	MAGDALENA DEL MAR	ARCHITECTS	AV. JAVIER PRADO
LIMA	MAGDALENA DEL MAR	CONSTRUCTION	AV. JAVIER PRADO
LIMA	MAGDALENA DEL MAR	DESIGN	AV. JAVIER PRADO
LIMA	MAGDALENA DEL MAR	CONSTRUCTION	AV. JAVIER PRADO
LIMA	SAN BORJA	FISHING	AV. JAVIER PRADO
LIMA	SAN BORJA	CONSULTING	AV. JAVIER PRADO
LIMA	SAN ISIDRO	MEDICAL	AV. JAVIER PRADO
LIMA	SAN ISIDRO	CONSTRUCTION	AV. JAVIER PRADO
LIMA	SAN ISIDRO	FISHING	AV. JAVIER PRADO
LIMA	SAN ISIDRO	DESIGN	AV. JAVIER PRADO
LIMA	SAN ISIDRO	CONSTRUCTION	AV. JAVIER PRADO
LIMA	SAN ISIDRO	MEDICAL	AV. JAVIER PRADO
LIMA	SAN ISIDRO	DESIGN	AV. JAVIER PRADO

Source: Instituto Nacional de Estadística e Informática (INEI), 2019

To manage the data collection, the researcher divided the process into three phases: the pre-survey, the survey and the post-survey. After obtaining the ethical approval of the employees of the MSEs, ensuring their identities won't be reviled, the pre-survey embodies the design of the survey questions. Before the real survey occurred, a pilot

test was conducted with one Millennial employee of an MSE. A pilot test is useful to identify any misunderstanding on the statement of the question and to make some corrections if necessary, in order to stay on the topic (Saunders et al., 2015; Kallio et al., 2016, Dikko, M. (2016). This survey test has helped the researcher to obtain more reliable data quality (Turner III, 2010; Kallio et al., 2016).

As qualitative survey research is a method for data collection, the researcher should organize an appropriate channel to reach the participants, also to feel comfortable and thus communicates comfortably (Alshenqeeti, 2014). With the rise of technology there is an abundance of communication programs that could be used when gathering primary data such as email, google documents or links containing the survey, making possible the diffusion of the survey (Sullivan, 2012; Bertrand & Bourdeau, 2010; Quartiroli et al., 2017). The last phase of this primary data collection concerns the analysis of data, as explained in the next section.

4.4.3 Data Analysis

The researcher has called this section the post-interview stage, which concerns the methods used to analyze the data collected. The researcher should have planned and organized the data analysis procedures that will be used to examine the information gathered (Taylor et al., 2015; Saunders et al., 2016).

In consequence, two main phases are undertaken in this stage of the research: the revision of the survey answers and the interpretation of the data. For this research, the revision of results means organized all the written answers into the right categories of flexible arrangements. On the other hand, the interpretation phase, including organizing data, is included in the process of data analysis (Richards & Morse, 2012). To begin with, the researcher needs to sort and organize qualitative data by using a Likert scale (Seers, 2012). Meanwhile, the researcher is forced to search through the data for emerging themes and patterns (Taylor et al., 2015). Creswell (2003) stated that the codes could be expressed by a single word or a short phrase created by the analyst and

collected per themes. Once codes are gathered, the researcher classifies them by using thematic content analysis related to the research questions and other factors endorsing the study (Seers, 2012). It is also possible for the researcher to review and edit those categories to verify if they generate answers to the research questions (Boeije, 2010).

The second analysis is to create a SWOT matrix, describing and combining the data collected by the participants and secondary data collected by the previous research. Berg & Pietersma stated that SWOT, as a business-assessment tool, help management analyze its strengths, weaknesses, opportunities and threats, and facilitates the organization decision-makers to find suitable strategies to manage uncertainty and direct their organizations through difficult and challenging times. Although SWOT analysis has typically been used to assess businesses, this paper will be using SWOT analysis as a method to assess the strengths, weaknesses, opportunities and threats of the implementation of flexible working arrangements on MSEs in Peru, keeping in mind the employee target for this research are Millennials.

Furthermore, Thompson points out what aspects must be considered to prepare a reliable SWOT Matrix. The matrix presented below, see table 4.4.3, mention the aspects to be considered (Thompson, Gamble, Peteraf, & Strickland, 1998).

Table 4.4.3: Swot Analysis

STRENGTHS	WEAKNESS
<ul style="list-style-type: none"> • Core capabilities in key areas. • Adequate financial resources. • Right image of the buyers. • A recognized leader in the market. • Well thought out functional area strategies. • Access to economies of scale. • Isolated (at least to some degree) from strong competitive pressures. • Technology property. • Cost advantages. • Best advertising campaigns. • Skills for product innovation. • Capable steering. 	<ul style="list-style-type: none"> • There is no clear strategic direction. • Obsolete installations. • Profitability below average. • Lack of opportunity and managerial talent. • Poor monitoring when implementing the strategy. • Abundance of internal operational problems. • Delay in research and development. • Too limited product line. • Weak image in the market. • Weak distribution network. • Below average marketing skills.

<ul style="list-style-type: none"> • Advantageous position in experience curve. • Better ability manufacturing. • Technological skills superior. 	<ul style="list-style-type: none"> • Inability to finance necessary changes in strategy.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Serve additional groups of clients. • Enter new markets or segments. • Expand the product line to meet a wider range of customer needs. • Diversify into related products. Vertical integration (towards forward or backward). • Elimination of trade barriers in markets attractive outsiders. • Complacency between rival companies. • Growth in fastest market. • Higher overall unit costs relative to key competitors. 	<ul style="list-style-type: none"> • Entry of foreign competitors with lower costs. • Increase in sales and substitute products. • Slowest growth in the market. • Adverse changes in foreign exchange rates and trade policies of foreign governments. • Expensive regulatory requirements. • Recession and business vulnerability. • Increasing bargaining power of clients or suppliers. • Change in the needs and tastes of buyers. • Adverse demographic changes.

Source: Thompson, Gamble, Peteraf, & Strickland, 1998

The third analysis is a complete data combination; by using EFE and IFE models is possible to determine the impact of internal and external factors in MSEs due to the implementation of flexible working in their organizations.

According to Fred (R., 1997), each key factor within the EFE matrix and the IFE matrix must be weighted with a number ranging from low interest (0.0) to high interest (2.0). The number indicates how important the factor is when a company wishes to succeed in a specific industry. Without assigning weight, all factors would be equally important. The weights must have the same meaning in both the EFE matrix and the IFE matrix.

The ratings of the EFE matrix refer to the effectiveness of a company's current strategy and what this means for the external opportunities and threats. The ratings range from 1 to 4, where 1 is a poor rating, 2 an average, 3 an above average, and 4 a superior rating. The idea is that ratings are subjectively assigned to each factor. The ratings in the IFE matrix refer to the strong and weak internal factors within a company. The ratings range from 1 to 4, where 1 and 2 are related to weakness, and 3 and 4 are

related to strength; 1 represents significant weakness, 2 means minor weakness, 3 represents minor strength, 4 indicates significant strength.

Finally, the final score is the result of the weighting, multiplied by the rating. Each key factor must be assigned a score. The total weighted score is the sum of all individual weighted scores. In both the EFE matrix and the IFE matrix, that same total score from 1 to 4 can arise. The total score of 2.5 is average. The result of a low score in the external rating indicates that a company's strategies are not correctly set up to utilize the opportunities and protect against threats fully. A low score for the internal rating indicates that the company is weaker compared to its competitors.

4.5 Methodology Limitations

Although this research has attempted to follow the standard required in conducting a qualitative study with all its specificities, it still presents significant limitations inherent to the research methodology, the research design, and the findings.

Firstly, the limitation of the sample size in the qualitative methodology can render the research inconsistent regarding the validity and generalizability of the results (Booth, 2016; Stern et al., 2014; Corbin & Strauss, 2015). Therefore, the investigation and findings integrated into this study may not be applied to another research context.

Secondly, another limitation is related to the personality and ability of the researcher. When interpreting and deploying the data concerning the perspective of subjectivity and objectivity, the character of the researcher may influence the outcome of the study (Ratner, 2002). Although the work was supported and guided by a supervisor, generally, it was undertaken by a lone researcher, and there is a potential risk of misinterpretation bias (Gale et al., 2013; Smith, & Firth, 2011).

Thirdly, regarding the participants in the qualitative survey, it is uncertain that all the relevant topics and issues are discussed because the survey questions are already formulated by the researcher (Longhurst, 2003). Although the surveyed are given time

to bring their thoughts, they might not talk about an important topic because the researcher did not ask any question covering it (Corbin & Strauss, 2015). Some participants also seemed reticent, and some even misunderstood the subject of the question despite additional explanation and the consent form informing the nature of the research (Corbin & Strauss, 2015; Taylor et al., 2015). In consequence, the average duration of the survey was 2 to 3 minutes, which is short and considered as one main limitation of this investigation.

4.6 Self-Reflexivity and Quality Criteria in Qualitative Research

Bott (2010) stated that reflexivity is one of the problems inherent to qualitative studies, as the scholar is generally perceived as a narrative rather than a creative researcher. However, Lincoln (1995) mentioned that “such reflexivity or subjectivity enables the researcher to begin to uncover dialectic relationships, array and discuss contradictions within the stories being recorded, and move with research participants toward action.” Therefore, self-reflexivity aids the researcher in understanding the others’ psychological and emotional conditions before and until the end of the investigation, which helps to reduce any eventual biases in the research (Lincoln, 1995).

Besides, Lincoln (1995) developed the quality standards supporting and assessing qualitative research by listing two primary criteria: trustworthiness and authenticity. Trustworthiness includes four sub-criteria: credibility, transferability, dependability, and conformability. Table 4.6 provides a brief description of each criterion corresponding to the research and according to Bryman (2016).

Table 4.6: Quality criteria for qualitative research

Trustworthiness	Credibility	-Respondent validation: correspondence between findings and participant’s perspectives and experiences
	Transferability	-Thick description: intensive study of a small group of working Millennials and MSE’s in Peru

	Dependability	-Likert Scale: series of questions to measure how people feel about a topic
	Conformability	-Control of the researcher's personal values and theoretical inclinations
Authenticity		-Fairness, ontological, educative, catalytic, and tactical authenticity

Source: Bryman (2016)

To conclude, this chapter has highlighted the appropriate methodology used to undertake the research project. Therefore, given the research aim, which is to explore and analyze the flexible working arrangements towards Millennials in MSEs located in Lima and with consideration of the objectives, a qualitative methodology is adopted utilizing a semi-structured survey. The research samples indicate that 120 Millennials have participated in this survey.

The data analysis has been divided into three parts: the first part addressed the revision of the participants' answers. The second part revealed the interpretation of the data by identifying categorizing them per theme using the Likert scale and then creating a SWOT matrix. Finally, a combination of data measure by EFE and IFE analysis determined the impact of flexible arrangement in Mses. Nevertheless, this study comes with some limitations, which are inherent to the qualitative methodology itself, the researcher's personality and that of the participants. However, five essential criteria have been acknowledged to evaluate the quality of qualitative research.

5. Data Analysis

In this chapter, the data obtained from the application of the surveys from MSEs workers of the different areas will be analyzed. In addition, within this chapter, the quantitative analysis performed and deepen the most relevant aspects of our research are included.

To begin the analysis, Figure 8 shows the age diversity among MSEs employees that were surveyed.

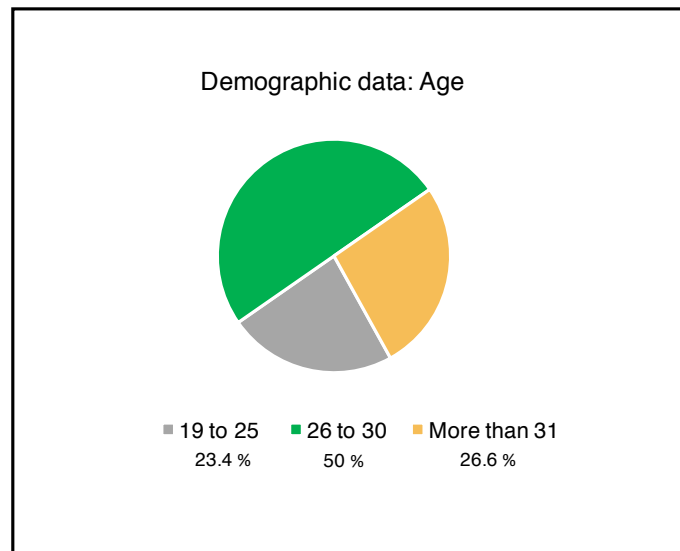


Figure 5-1: Demographic data: Age

Here it is shown that 50% of all respondents are between ages 26 and 30, 26.6% are made up of workers who are over 31 years of age, and lastly, the remaining 23.4% includes workers who are between 19 and 25 years old.

Another important aspect to know is the gender that predominates in the respondents. The following figure shows the percentage of male and female employees in MSEs in Lima Metropolitana, Peru.

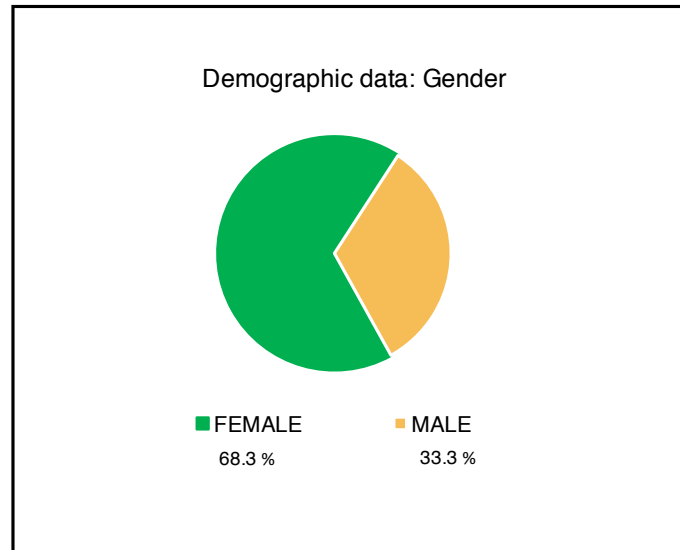


Figure 5-2: Demographic data: Gender

Within the participants of this survey, 68.3% of the people surveyed are mostly women, with a total of 80 workers, and the remaining 33.3% is made up of 40 men.

Therefore, all the people that participated in this survey fit in Generation Y or Millennials, and they are mainly women. It is important to highlight, all Millennials in this survey have bachelor degrees or above, meaning they are highly educated and fit another primary millennial characteristic.

5.1 Traditional Working Arrangements and Millennials

The experiences of working Millennials regarding the traditional practices in an organization comprehended only the positive sides that have contributed to their stability, but also the negative sides that define the existing problems. Overall, the majority of Millennials have announced a neutral feeling towards traditional working arrangements.

The figure below describes that 48.3% of workers are satisfied with the company where they work, following the results 23.3% of respondents indicate that they are totally satisfied with the company, a positive result for a company that wants to implement new changes. On the other hand, 25.1 % are moderately satisfied, and 3.3% refers to those workers who are dissatisfied with the company in which they work.

Even though for this study the number of employees dissatisfied with their work is minimal, it is essential to keep an eye on them when applying working flexibility arrangements or any changes in the company since if the majority of employees expressed dissatisfaction, it would lead into a difficult and obstruct the process of change.

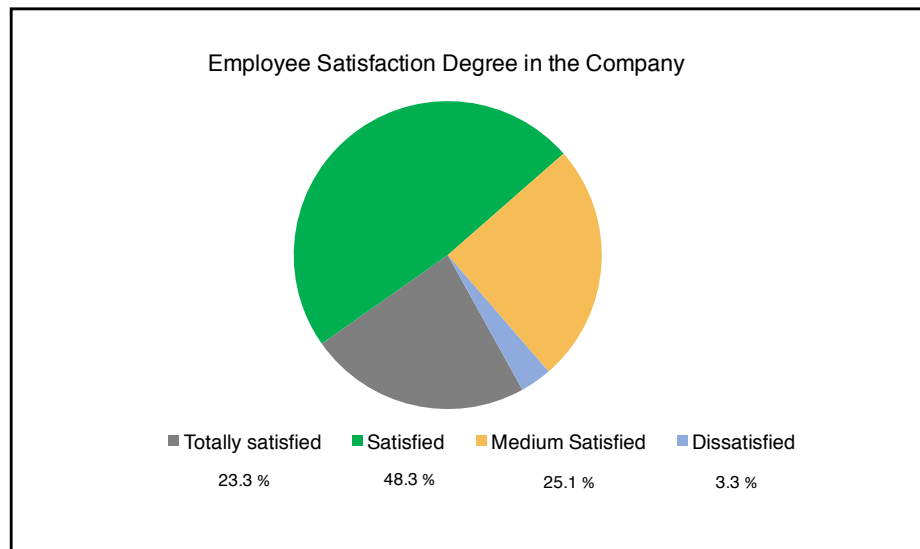


Figure 5.1-1: Employee Satisfaction Degree in the Company

Nevertheless, some have shown some difficulties regarding the current working arrangements in their workplace. Some issues identified are related to working conditions, loyalty to the organization, to much time on the commute, and career development, the participants indicate that these problems are due to the size of the organization.

The commute time among workers in Peru can take about 1 to 2 hours, for an organization that has traditional work arrangements is the first reason why their employees cannot perform to its maximum and why productivity is so low. For an MSEs in Peru, one of their biggest challenges, as mention in chapter 3, is to grow. Having low productivity will hold back the organization to expand; the participants of the survey have unveiled that not being dependent on a fixed entry and exit time at work will help them to balance their work and performed their duties at the time they feel productive.

P: "... time flexibility can give me more time to balance my time with my family".

Additionally, a small number of Millennials employees have mentioned that their organizations have shown some kind of flexible working implementation in their daily routines. They perceive these flexible implementations as benefits offered by the company and use them in their decision-making process, whether they are looking for new job opportunities or extending their contract with the same company.

P'...overtime is returned to you on time. If you work an extra hour, then you can use that hour at any time'.

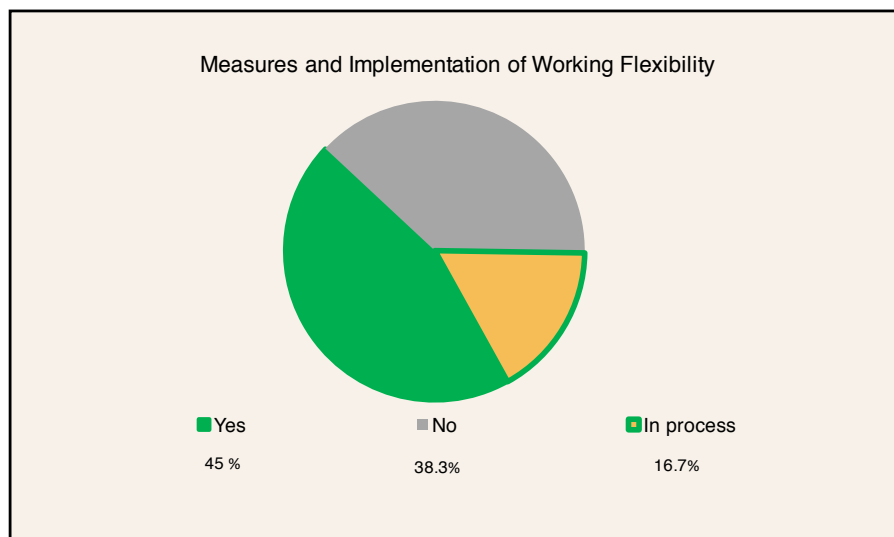


Figure 5.1-2: Measures and Implementation of Working Flexibility

Furthermore, another outcome that this survey has shown the preference of working flexibility arrangements over the traditional work schedule. A total of 93.3 % of the participants choose to have or want any type of flexibility in their workday. On the contrary, 6.7% are those workers who choose to continue with the traditional full-time workday, thus confirming the significant influence that working flexible arrangements have over workers' Millennials. See the figure below.

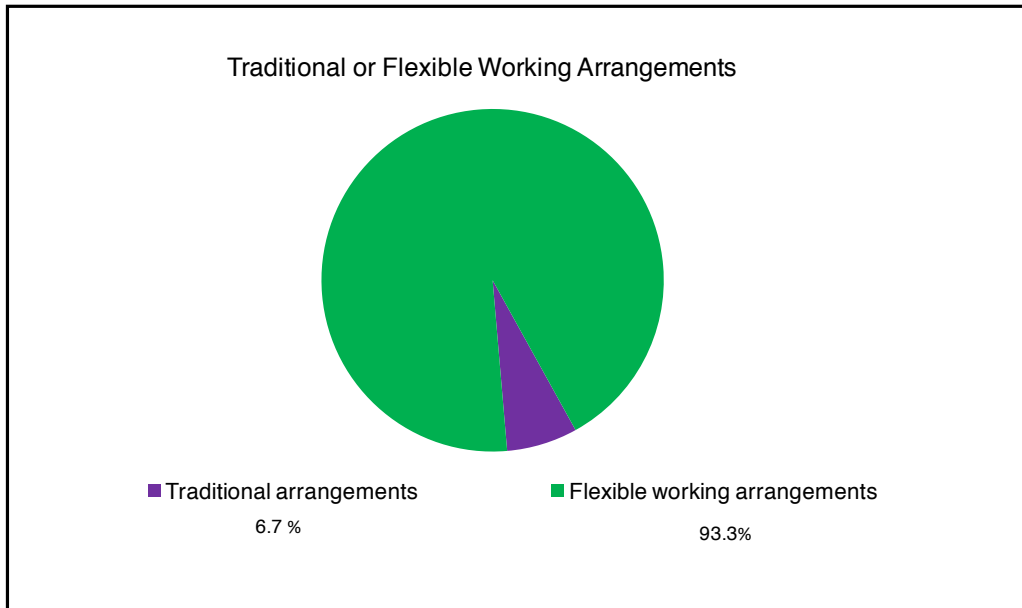


Figure 5.1-3: Traditional or Flexible Working Arrangements

As mentioned, most of the Millennials surveyed are satisfied with their current job arrangements, but that does not mean companies can retain or attract qualified employees. Because of the described above, it is safe to conclude that Millennials prefer working flexibility arrangements over traditional working hours.

5.2 Flexible Working Arrangements SWOT, EFE and IFE Analysis

5.2.1 Swot Analysis

Following the methodology explained in the previous chapter, an approach to a SWOT analysis matrix is possible, where the four strengths, five opportunities, five weaknesses and four threats that turn out to be the most important for MSEs are highlighted by consensus. The data extracted from the survey will be key for the next step, which is to develop the qualitative SWOT Analysis Matrix.

Table 5.2.1-1: Swot Analysis of Flexible Working Implementation on MSEs

Strengths:	Weakness:
1. Attraction and Retention of talented employees 2. Employee engagement 3. Reduce negative outcomes 4. Improved work/life	1. Chance of conflict among other employees 2. Limited technology and resources. 3. Non corporation 4. Difficult in introduction motivation technique
Opportunity:	Threats:
1. Cost saving, increase on investment return 2. Better image to the concern 3. Brand Ambassadors 4. Adjusting to Economic Situations 5. Environmentally Friendly	1. Employment regulations polices 2. External issues 3. Perception of flexibility 4. Liability and security concerns 5. Loyaly

- Strength - Opportunity (SO)

The survey has shown that 96.7% of the participant will strongly consider signing or renewing working contracts with the same company if they have implemented flexible working arrangements, see Appendix C. For companies, this may mean reducing costs in training and finding new employees, and increasing their retention; on the other hand, employees would feel more satisfied and engaged with their responsibilities reducing negative outcomes such as missed deadlines or accidents in the workplace.

At the same time, having permanent employees, MSEs can focus on their biggest problem, which is expansion and growth. MSEs could take advantage of the opportunity to have brand ambassadors based in different locations and thus have a more extensive portfolio of clients.

During difficult times, adopting flexible working arrangements is the best match for the situation; at the moment, the world is facing the fight against COVID-19. Flexi-work can give employers another method of adjusting cost by reducing the number of hours worked rather than terminating employment, and the original full-time arrangements can be reinstated when the economy improves.

Finally, with the environmental concerns of global warming, Flexi-work is a strategy that encourages companies to save the environment as not only is congestion reduced during peak hours, commuting time and pollution are also lowered, allowing at the employees have a more balance between their work duties and personal live responsibilities.

- Strength – Threat (ST)

When signing and renewing long-term contracts with old and new employees, companies must be very clear when establishing their clauses and conditions in order to protect themselves against possible changes in labor regulations.

The perception that each employee has about the term of flexibility can affect their job performance, and companies should focus on maintaining the level of engagement and productivity high, through clear and effective communication channels.

An issue mentioned by the respondents was that many of them do not feel loyalty towards the company they currently working for, applying flexibility to the MSEs work regime allows employees to balance their responsibilities, allowing the companies' more significant employee attraction and loyalty advantage over company's' that only have traditional labor regimes.

As well as in the office, working from a remote location can cause accidents, companies must be very clear with their employees, making sure their employees are aware of how their insurance offer by the company covers them in case of accidents.

- Weakness - Opportunity (WO)

By reducing costs due to the implementation of labor flexibility, MSEs should assign a budget to improve the technological resources of the company and thus be able to offer better ways of communication for employees, which leads to a reduction of conflicts caused by poor communication.

MSEs that offer flexible working arrangements will improve their image. MSEs should take advantage of this image improvement to attract and retain qualified employees.

Finally, by increasing sales, this growth must be used to make a restructuring in their organization that covers a higher number of clients. This should be the time to plan and stratify the sales and promotion of the company.

- Weakness - Threat (WT)

Employees working remotely are sensitive to external issues, for example: in case of a family emergency, the employee is more likely to stop working and attend that emergency, MSEs should be very clear on their definition of flexibility and make sure that the employee shares the same idea of flexibility.

They should also research and be up to date with the Peruvian labor regime in order to avoid conflicts between workers.

With a greater focus on technological resources, it will allow MSEs to better apply motivational techniques among employees, reinforcing their loyalty to the company. Following is a proposed SWOT analysis for the inclusion of working flexibility arrangements in MSE's. See Table below.

Table 5.2.1-2: Inclusion of Working Flexibility Arrangements in MSE's

SWOT	Strengths	Weakness
Opportunity	<p>S1, O1 implementing flexible working arrangements, reduce turnover and attract talented employee, reducing the organization cost.</p> <p>S2, O2, O3 having engaged employees increasing productivity, MSE's can focus on growth and expansion.</p> <p>S3, O4 flexibility makes a easier adaptation through difficult economic times, like COVID-19 , and MSE will still be functioning with a strong working structure.</p>	<p>O1, W2, W3 saving costs due to the implementation of labour flexibility, MSEs should assign a budget to improve the technological resources of the company, and thus be able to offer better ways of communication for employees.</p> <p>O2, W1 by improving their image. MSEs should take advantage of this improvement to attract and retain qualified employees that share their same values and believe in the organization culture from the start.</p> <p>O3, W4 gaining brand ambassadors contribute the growth in sales, for consequently more clients, this should be the time to plan and stratify the sales and promotion of the company.</p>
Threats	<p>S1, T1, T2 at the recruitment stage MSE's must be very clear when establishing their clauses and conditions in order to protect themselves against possible changes of labor regulations and make sure that the concept of flexibility that the organization is clear and similar to the employee.</p> <p>S2, T5 flexibility allows employees to balance their responsibilities, allowing the company's' achieved greater employee engagement and immerse themselves in every aspect of the organization, with the goal of making the employee feel like a team player , therefore create and reinforce loyalty to the organization.</p> <p>S3, T4 remote working can cause accidents, companies must be very clear with their employees, making sure their employees are aware of how their insurance offer by the company covers them in case of accidents.</p>	<p>W1, T3 the perception of flexibility of each employee might cause conflict in the work place. MSE's manager should be very partial at the moment of handing task or setting employees for promotions.</p> <p>W2, T2 employees working remotely are sensitive to external issues, they are more likely to stop working and attend the emergency they are facing, MSE's should focus their technological resources to enhance their communication channels.</p> <p>W4, T5 a greater focus on technological resources, it will allow MSEs to apply motivational techniques successfully among employees, reinforcing their loyalty to the company.</p>

5.2.2 External Factors Evaluation Matrix (EFE)

The external factors of working flexibility are forces under which the business performs and cannot be controlled. Once the environment was examined, a list of opportunities and threats was made, to which a weight was assigned according to the degree of importance under the author criterion.

Table 5.2.2-1 : EFE Matrix

EFE MATRIX (EXTERNAL FACTORS) FLEXIBLE WORKING IMPLEMENTATION ON MSEs			
	Weight	Rating	Weighted Rating
THREATS	50%		
1. Employment regulations polices	0.15	3	0.45
2. External issues	0.2	2	0.4
3. Perception of flexibility	0.15	2	0.3
4. Liability and security concerns	0.2	4	0.8
5. Loyaly	0.1	2	0.2
OPPORTUNITIES	50%		
1. Cost saving, increase on investment return	0.15	3	0.4
2. Better image to the concern	0.1	1	0.05
3. Brand Ambassadors	0.1	3	0.3
4. Adjusting to Economic Situations	0.1	2	0.2
5. Environmentally Friendly	0.05	1	0.05
Total	100%		2.9
	4	Very important	
Rate between 1 and 4	3	Important	
	2	Less important	
	1	No important	

Given the present matrix of external factors (EFE), the implementation of flexible working arrangements is above the 2.5 average. Nevertheless, the weighted ratio of threats is higher than the opportunities, which suggests that even if this flexible implementation in MSEs has an advantageous position regarding external factors, the threats have to be diminished.

The most important opportunity is the cost-saving and increment on return for MSEs. At this point, the company has a rating of 3 points, which indicates that its efforts to take advantage of these opportunities are correct.

Another opportunity with an important weight is the brand ambassador key role for the expansion and promotion of the MSEs; in this aspect, the weight is 0.1, indicating that no efforts are being made to take advantage of this opportunity. Given the role of these ambassadors, the business could be expanding, gaining clients from other cities in the region.

Liability and security concerns is the most important threat for MSEs; with a rate of 4 points, MSEs might not be prepared to deal with accidents of remote working employees.

5.2.3 Internal Factors Evaluation Matrix (IFE)

The matrix was made based on the information provided by the participant of the survey and secondary data researched in the previous chapter, to have a better understanding of the MSEs in Lima.

Table 5.2.3-1: IFE Matrix

IFE MATRIX (INTERNAL FACTORS) FLEXIBLE WORKING IMPLEMENTATION ON MSEs			
	Weight	Rating	Weighted Rating
Weaknesses	50%		
1. Chance of conflict among other employees	0.1	2	0.2
2. Limited technology and resources.	0.1	1	0.1
3. Non corporation	0.2	1	0.2
4. Difficult in introduction motivation technique	0.1	2	0.2
Strengths	50%		
1. Attraction and Retention of talented employees	0.15	4	0.6
2. Employee engagement	0.15	3	0.45
3. Reduce negative outcomes	0.1	4	0.4
4. Improved work/life	0.1	4	0.4
Total	100%		2.55
Rate between 1 and 4	4	Greater Strength	
	3	Minor Strength	
	2	Minor Weakness	
	1	Greater Weakness	

From the internal factors matrix (IFE), a weight of 2.55 is obtained, which indicates that the company is in a favorable position internally, slightly above the average. Compared to the EFE matrix, their strengths are in a position that the opportunities, interpreting that the company is more competitive in terms of internal than external factors.

The weighted average of the strengths is higher, with 1.85 compared to 0.7, which represents the weaknesses, which indicates that the company is powerful internally since it has a smaller weight of weaknesses to face.

Attraction and retention of employees are the most specific strengths, in turn, they have high ratings, which indicates that MSEs should make good use of this strength, the second strongest strength is employee engagement, this is another well-used strength that reinforces the company productivity and improves its business growth.

The problematic introduction of motivation techniques creates internal conflict among the employees; therefore, are considered as the most important weakness. Since it causes a direct impact on the productivity and work environment, affecting the operation of the company and the relationship with customers.

5.2.4 External Internal Factors Matrix (IE)

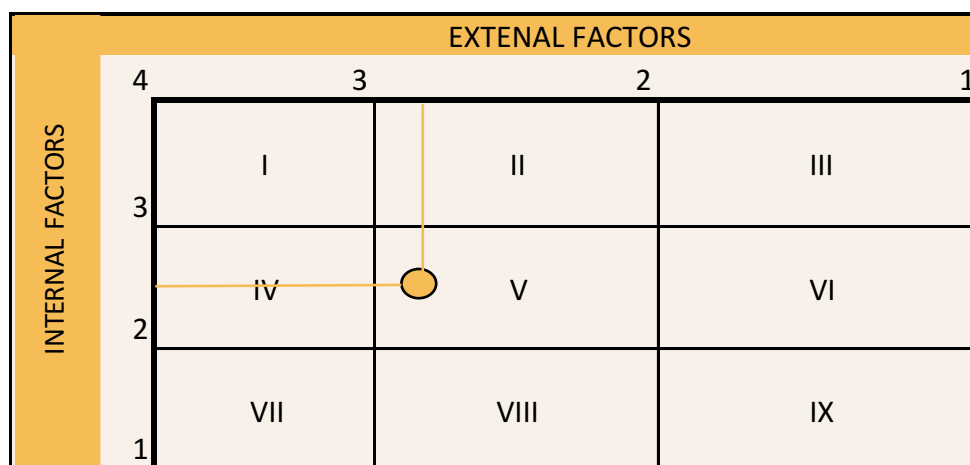


Figure 5.2.4-1: Internal – External Matrix Factors (IE)

The implementation of flexible arrangements in MSEs presents, according to the EFI Matrix, a rating of 2.55, and according to the EFE Matrix, a rating of 2.9. When intersecting these coordinates in the Matrix IE, the result is in quadrant V, and this suggests that the implementations of flexible arrangements should hold and maintain its position, therefore, to answer the question, is working flexibility arrangement be the

key to attract and retain qualify millennial workers? It is accurate to confirm that flexible working arrangements are the key to retain Millennials' employees of MSEs in Peru.

5.3 Flexible Working Arrangements Preferred

Following the analysis, the respondents reveal what kind of flexibility suits them better.

Looking at figure 5.3-1, it is possible to explain that it is made up of 35% of the employees express their preference for practices that are linked to time flexibility in their workday, following, 31.7% represents the employees who prefer the amount of work flexibility based on productivity and overtime. Besides, 26.7% of respondents opt for the option of location flexibility; 6,7 % of the total responses seem to choose no work flexibility practice. Lastly, none of the respondents has chosen the answer of preferences on the practice referred to functional flexibility.

Since functional flexibility refers to the rotation in positions in order to have a polyfunctional employee, Peruvian Millennials do not seem to agree with this practice, for them, it means extra duties to their work and deflection of their actual career path. If companies are not careful when applying functional flexibility, this sense of work overload work can discourage an employee and lead to unnecessary turnover.

At the same time, these percentages result back up the previous research, time and amount of work flexibility were the favorites chosen among the working Millennials. A vital feature mention before the state that 70% of MSEs working Millennials are underpaid, therefore, wanting the amount of work flexibility to apply to their company is reasonable since your level of productivity will reward it, companies can work way more efficiently with a staff well motivated. Applying these two flexibility arrangements in a company can lead to a very efficient and ideal working environment for the employee and the employers, on the other hand, should be very firm and clear when they communicate to the employees their duties and work schedule

so that everything can run smoothly.

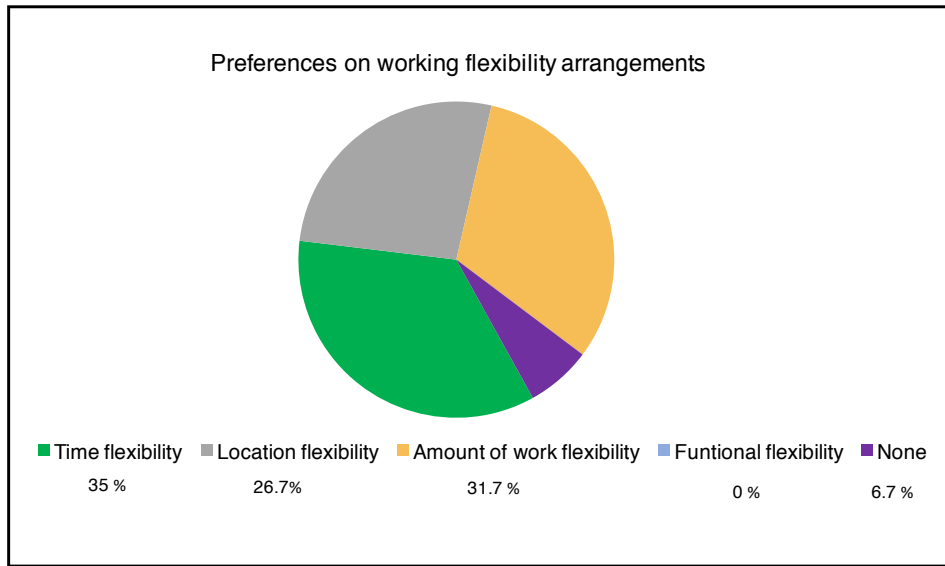


Figure 5.3-1: Preferences on working flexibility arrangements

The following figure shows the degree of acceptance regarding the implementation of working flexibility arrangements in a company.

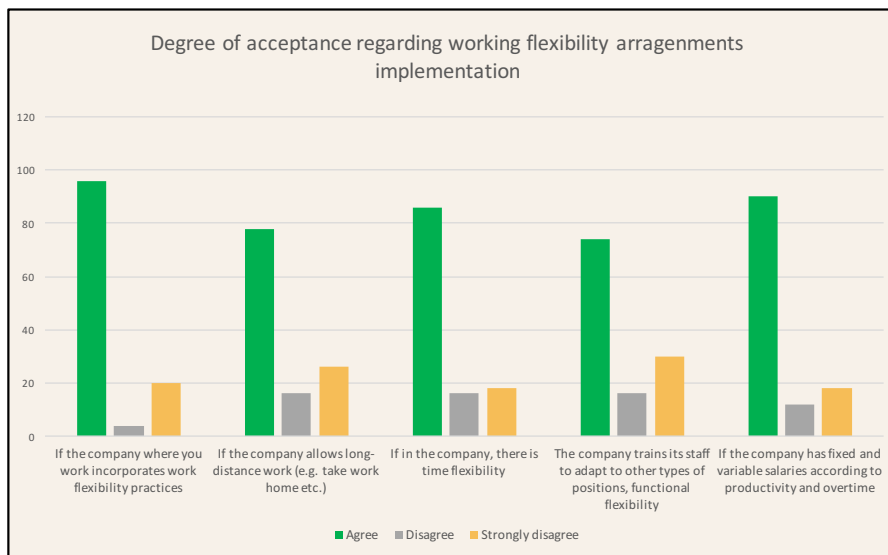


Figure 5.3-2: Degree of acceptance regarding working flexibility arrangements implementation

Firstly, in the first proposed statement, 96 employees seem to agree, 20 strongly disagree, and four disagrees. The second statement, the company allows remote work,

in this regard, 78 are those who agree, 16 workers disagree, and the remaining 26 strongly disagree.

Secondly, with the third statement that it raises: that defines the company time flexibility, 86 agree, and 16 workers disagree, and the other 18 workers strongly disagree. The fourth statement defines that the company's staff is trained to adapt to functional flexibility; as a result, 74 seem to agree, 30 strongly disagree, and 16 disagree.

Lastly, workers have a variable remuneration according to their productivity besides their fixed salary, 90 seem to agree, 18 strongly disagree, and 12 disagree.

This degree of acceptance regarding working flexibility arrangements implementation show once again that time flexibility and amount of work are the two types of flexible arrangements most desired among Peruvian Millennials that work in Mses.

Millennials have also expressed their willingness to stay in a company for more than two or more years if the company offer them flexible working arrangements.

Finally, the survey shows us that 48.3% of the total of the sample carried out expresses willingness to implement working flexibility measures in MSEs, and 38.3 % affirms that small businesses have already adopted flexibility measures. In comparison, in its minority, 13.3% express there is no chance of working flexibility implementation any time soon.

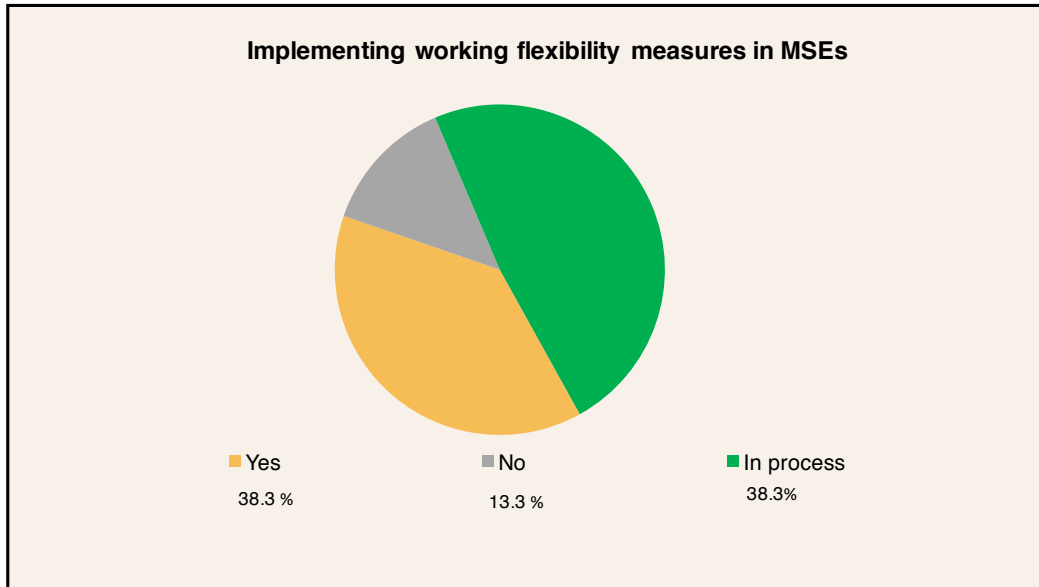


Figure 5.3-2: Implementing working flexibility measures in MSEs

The answer is that the impact of working flexibility on employee retention is strong. However, there could be a great sense of loss of power on high-rank employees, but they will have to be open mind about working arrangements in order to remain competitive in the market. Also, their communication skills have to improve, maybe investing in technology can help improve that area, delivering a very clear message to their employees of how and when their duties need to be fulfilled to avoid damage to the company

5.4 ERC's Model Discussion

As previously outlined, the findings from the data will be discussed in this section by analyzing them concerning the literature review. Thus, the results will be classified and discussed as per ERC's model.

The first driver of the ERC model is stimulating to work; it is concept highlights the value of motivation, understanding, enhancement, social, career, and protective functions (Clary et al., 1992, 1996, 1998). In the study, Millennials have shown a clear preference for flexible practices over traditional arrangements in there; most of the Millennials surveyed find any type of flexibility a great stimulus to stay in the same

workplace for a long time. This preference can become a fundamental key in talent retention for the employer and decisions making about job offers for the employees.

The second driver regarding the literature review is leadership, which encompasses recruitment and selection, then training and development (Armstrong & Taylor, 2014). The survey participants confirmed that the training practices in order to adapt to other types of positions had not been well conducted, generating a lack of motivation to develop new skills and professional growth. Several researchers have pointed out that training and development enhance the engagement and retention of volunteers (Hidalgo & Moreno, 2009; Newton, Becker & Bell, 2014; Devaney et al., 2015). Frequently, the participants gave a negative description of the training for functional flexibility, when rather be an extra task to be done for the employee, should be considered as a chance to learn and thoroughly understand the organization, which is a long run makes them attached to the organization's value and culture (Alfes et al., 2017; Schimansky, 2014).

The majority of the surveyed have indicated that MSE's in Peru as much as the employees believe to be ready to implement functional flexibility in their organizations, as long as the management holds good leadership of their employees by keeping motivation high, open communication channels and commitment.

Finally, the last driver is recognition and rewards; the findings from this research have confirmed the importance of intrinsic rewards, such as the balance of work responsibilities and personal life. All the participants agree 100% that flexibility arrangements would help them improve their balance on duties and reward their work with quality time for themselves. This type of reward fulfill the employees' needs and decrease or maintains the employer's recognitions cost to the minimum. This matches the views of Society for Human Resource Management or SHRM, state that flexible work arrangements can improve recruitment and retention efforts and employers and employees can experience cost savings, improved attendance and productivity, and an increase in employee engagement (Society for Human Resource Management, 2019). In exchange for these new working arrangements, the Millennials surveyed reported

that more than half is sure to completely engage in their work, increasing their productivity complying with the organization’s rules and requirements without any coercive feeling. Consequently, this reflects the engagement of the employees who choose flexible working arrangements over the traditional working by participating in the organization’s activities and immersing themselves in the organization’s values (Farmer & Fedor, 1999).

Therefore, this analysis upholds that the ERC model varies depending on the methods, the nature of the MSE’s and its working requirements, which is relevant to the exploration of the perspectives of retention practices with Millennials according to the research questions.

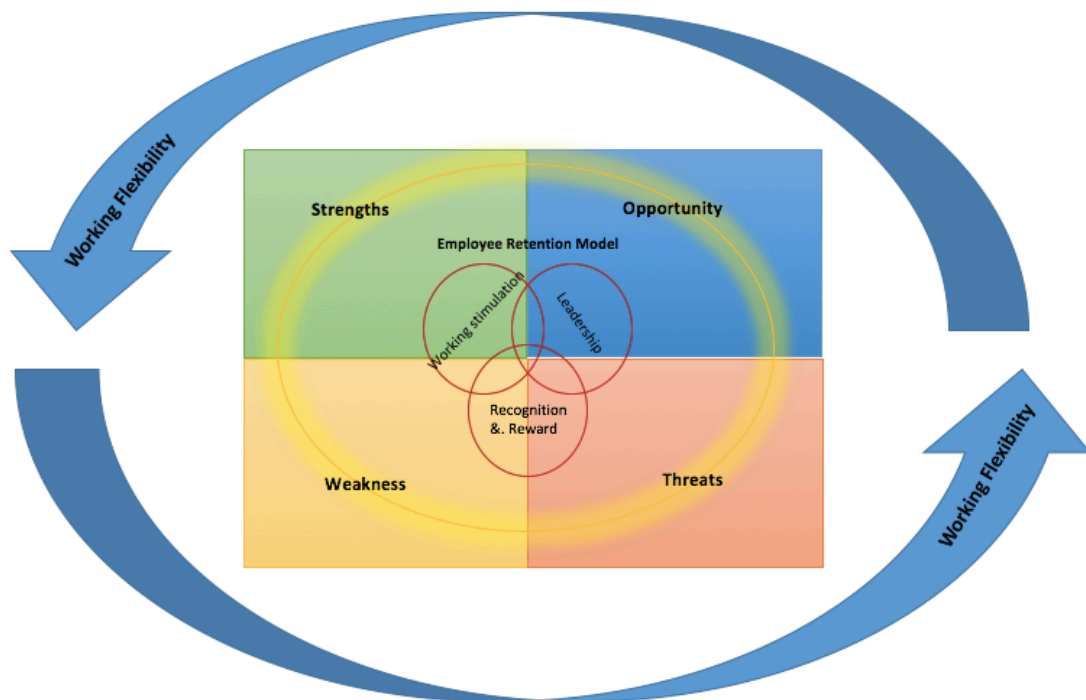


Figure 5.4-1: Employee retention model for MSE's with working flexibility arrangements

The results of the interviews have been reported in the first section of this chapter. It has also developed the discussion section, which has critically interpreted the findings

and linked them to the previous literature review and other researchers' work. The findings were presented in three different themes after coding the answers by using the Likert scale in the semi-structured survey, and the analysis was displayed according to the SWOT matrix and the Internal External Factor (IE) analysis, finishing with a discussion on the ERC's employee retention model.

In conclusion, the first emerging theme examines the impact of the Millennial wave with regards to the traditional working arrangements and has reported the problems and the satisfaction of both parties. It has also responded to the first research question. Generally, the employees are satisfied with their jobs and their current working arrangements. Nevertheless, some problems were noticed, such as the "working stimulation" practices, including working conditions, benefits and career development, are challenged by a lack of understanding of this generation's needs and technology investment. The use of flexibility arrangements as a "motivation" must include the right channels of communication and engagement from employees.

The second theme concerns the SWOT and EI Factors analysis of working flexibility in the MSE's, proving that applying flexibility to the organizations working arrangements is key in employee retention, especially when it comes to Millennials, which also addressed the second research question of the study. This encompasses the understanding of the flexibility practices and the importance of these practices toward MSE'S. Therefore, according to the participants working flexibility practices are significant, especially in the aspect of job decision making and reward.

The third rising theme represents the preference of the participants regarding the selection of working flexibility practices over traditional arrangements, which has also answered the last research question of this work. Thus, the participants' recommendations concern, in particular, a strong and consistent leadership, added with excellent information and recognition.

6. Conclusions and Suggestions

This section will synthesize the findings to achieve the research objectives stated above.

6.1 Summary

Firstly, what can be observed from having surveyed employees of MSEs chosen as a sample to carry out the investigation, the results obtained indicate a favorable trend that contributes to the practicability of applying working flexibility practices successfully. Among this satisfactory result are: the high degree of satisfaction of the workers towards the company, the positive attitude of the majority to implement new practices or begin to apply them, the preparation and predisposition of both owners/board of directors and workers, the possibility of choice or preference over the practices.

At the same time, what could be an obstacle when implementing these practices is the presence of specific workers, including manager's leadership, who resist change, the incorporation of new processes, or new forms of work. However, after investigated and analyzed the surveys, employees that fit these criteria represent the minority of them. Therefore, the chances of a problem arising are low.

Secondly, after having investigated and analyst the background on the subject, the hypothesis raised was, within the practices of working flexibility there is a notable positive impact of flexibility arrangements and employee retention, after analyzing the responses obtained in the SWOT, EFE and IFE, resulting in the quadrant V, suggesting to hold and maintaining strategy, this practice should be successfully implemented in the company. The majority of workers, all of them Millennials, agree to sign contracts of two years or more with the company. This confirms that to retain employees in this modern era, companies need to implement measures or practices linked to the working day or flexible working modality since their needs to satisfy differ from past generations.

Lastly, another of the points investigated has to do with the implementation of working flexibility arrangements in the Mses. As a result, it was observed that 61.7% of the total respondents state that working flexibility practices are applied, and the most used in today's world is time flexibility, followed by location flexibility, amount of work flexibility and functional flexibility in that order.

In addition, the study confirmed the importance of working flexibility practices in the MSE's; it has brought suggestions of improvement to the employee retention drivers within the organizations. In line with the ERC's model of employee retention, the research has consistently and generally adhered to that model. However, the importance of leadership, motivation and reward were frequently repeated in the analysis, which could be added in the key elements of the working flexibility practices. The recommendation is presented in the next section to improve the effectiveness of the working flexibility practices.

6.2.Suggestions

It is important to emphasize that working flexibility is being a very marked trend in this current time the previously exposed and already carried out investigations determine that working flexibility arrangements will be more and more accentuated and the need of these practices will be the only way to bring the company competitive advantage in the labor market, the reason why this subject was chosen to investigate.

Therefore, for micro and small enterprises, accommodating the wishes of employees looking to work flexibly may feel especially hard. With fewer workers employed, organizing staffing to meet the needs of the business can be more challenging. However, there are clear business benefits to meeting such challenges. However, the study shows that employers open to flexible working maintain higher levels of employee morale and engagement, lower levels of absenteeism and improved rates of employee turnover.

The key is to plan ahead, with clear messages on how your organization

manages flexible working and addresses requests from employees:

- Managers should find out what exact type of working flexibility the employees are looking for since the term “working flexibility” is extensive. At the same time, managers need to look at each employee application and evaluated its merits.
- Develop a fair and consistent approach; managers must treat all employees in the same way, and deal with request declines might be challenging, for example, to turn down a request for flexible working from one member of a particular team just because someone else in the team already has this right.
- Before granting permission to work remotely, managers could set up trial periods, allowing small businesses to offer an employee the chance to work remotely, perhaps a couple of months as trials are in order to monitor whether the arrangement is practical.
- MSE’s need to invest in technology, like smartphones, faster broadband access and smarter home computers will make the communication flow smoothly among employees that work remotely with the ones that work form the office.
- Managers need to show trust to their team members if they fail to ensure that trusting bond, the chances of the employees leaving the organizations are high.

In conclusion, from a practical point of view, organizations interested in improving the satisfaction of their staff and, with this, reducing their negative effects like unnecessary turnover, should aim to develop work flexibility and openness to change their staff, express Sanín, J. A, Salanova, M, (2014). For this reason, although our research aims to know if there is a relationship between the variables working flexibility and employee retention, it is essential to keep on eye on the impact on staff and their performance.

For this, it will be key that employers look for people open to change, avoid routine work, give participation to employees, recognized them for their work, motivate them to find new and innovative ways of doing their tasks and thus, keep the company

is running with a competent human resources department. Besides, for internal working flexibility practices implementation process to be successful, it must be defined and viewed by the entire organization as a process planned.

From the economic perspective, some researches support the hypothesis that working flexibility has allowed companies to remain competitive in the market and thus increase their productivity by responding quickly to the needs of their internal and external customers. In the same way, the employees have also been able to see an opportunity to grow and increase their abilities by being engaged in a competitive and changing environment.

In fact, it has been confirmed that offering the employee measures that cover its need to balance work and private life is one of the keys to ensure that the company optimizes employee productivity and its commitment to the entity.

6.3 Limitations and Future Research

In relevance to the methodology limitations in the third chapter, this study witnessed important limits related to some details occurring during the data collection, to the analysis, and the researcher's ability. More female participant were keen to take part of the survey, and only twenty participants were male. They are also from different working sectors, which is beneficial for the research, but not reliable in terms of opinions about and specific sectors.

In addition, there is likely a risk of bias associated with the interpretation because the study was conducted by a lone scholar, with few opportunities for discussion with other colleagues, also because of time constraints and the current situation of the virus. In line with the majority of qualitative exploratory studies, the findings cannot be generalized, and further research on the topic could help to widen the research's contribution and to generate relevant knowledge for flexible working arrangements.

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APPENDIX

Appendix A: Survey

Employee Retention
 I am a master's degree student in business administration from BIT University (Beijing Instituted of Technology), and I am conducting a study on the impact of job flexibility and employee retention in micro-small enterprises. Through this questionnaire, I intend to obtain information related to the subject I am investigating. Below I present a brief description of the meaning of labour flexibility in order to achieve greater objectivity in the results. The questionnaire consists of closed questions in which you must mark the chosen option (only ONE option) also some open questions in which I ask you to please answer your opinion.
 Thank you very much for your help.
 Labour flexibility is composed of:
 - Location flexibility: also known as remote work, where the employee works from home or another place away from the central office one or more days per week.
 - Time Flexibility: employees can vary their entry and exit schedules whenever the number of hours established in the contract is covered. The number of hours can be set daily, weekly or monthly.
 - Amount of work flexibility: it indicates that the salary and workforce are correlated; that is to say, fixed salary attempt to remain the same, while the other part varies by productivity attained or overtime worked.
 - Time/Place flexibility: allows the company to maintain its functions every day, twenty-four hours. In some cases, the operation is continuous, and in others, there is variability in the workday. (part-time work, in shifts, on weekends, etc.)
 - Functional flexibility: refers to the functional flexibility of the workforce. In this type of functionality, employees are expected to develop more than one function in the company or change from one function to another when required, and thus achieve a rotation in positions that at the same time allow training a versatile worker or polyfunctional.

Age :

Gender

Male
 Female

Job Position:

1. Are you satisfied being part of the company in which you work? *

Totally satisfied
 Satisfied
 Medium Satisfied
 Dissatisfied

2. What kind of job flexibility would you prefer to be applied in your job? *

Time flexibility
 Location flexibility
 Amount of work flexibility
 Functional flexibility
 None
 Other : _____

3. Does the company where you work apply any of these labour flexibility measures? *

Yes
 No
 In process

3.1. If your answer was Yes in the previous question, specify your answer.

3.2. If your answer was No, specify what type of flexibility measure you would like.

4. What do you think ... *

	Agree	Disagree	Strongly disagree
If the company where you work incorporates work flexibility practices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If the company allows long-distance work (e.g. take work home etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If in the company, there is time flexibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The company trains its staff to adapt to other types of positions, functional flexibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If the company has fixed and variable salaries according to productivity and overtime	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Would you sign an employment contract for more than one year if the company where you work incorporates work flexibility practices? *

Yes
 No

6. The implementation of flexible practices would increase the balance of your work and personal life *

Yes
 No

7. Do you think that workers and the company, in general, show a predisposition and are prepared to implement practices linked to functional flexibility in different jobs? *

Yes
 No

8. Do you think the adoption of flexible measures is increasingly accentuated in SMEs? *

Yes
 No

Appendix B: Question division

Employee Retention
 I am a master's degree student in business administration from BIT University (Beijing Institute of Technology), and I am conducting a study on the impact of job flexibility and employee retention in micro-small enterprises. Through this questionnaire, I intend to obtain information related to the subject I am investigating. Below I present a brief description of the meaning of labour flexibility in order to achieve greater objectivity in the results. The questionnaire consists of closed questions in which you must mark the chosen option (only ONE option) also some open questions in which I ask you to please answer your opinion.
 Thank you very much for your help.
 Labour flexibility is composed of:
 - Location flexibility: also known as remote work, where the employee works from home or another place away from the central office one or more days per week.
 - Time Flexibility: employees can vary their entry and exit schedules whenever the number of hours established in the contract is covered. The number of hours can be set daily, weekly or monthly.
 - Amount of work flexibility: it indicates that the salary and workforce are correlated; that is to say, fixed salary attempt to remain the same, while the other part varies by productivity attained or overtime worked.
 - Time/Place flexibility: allows the company to maintain its functions every day, twenty-four hours. In some cases, the operation is continuous, and in others, there is variability in the workday. (part-time work, in shifts, on weekends, etc.)
 - Functional flexibility: refers to the functional flexibility of the workforce. In this type of functionality, employees are expected to develop more than one function in the company or change from one function to another when required, and thus achieve a rotation in positions that at the same time allow training a versatile worker or polyfunctional.

Age : _____

Gender

Male

Female

DEMOGRAPHICS

Job Position:

1. Are you satisfied being part of the company in which you work? *

Totally satisfied

Satisfied

Medium Satisfied

Dissatisfied

2. What kind of job flexibility would you prefer to be applied in your job? *

Time flexibility

Location flexibility

Amount of work flexibility

Functional flexibility

None

Other : _____

3. Does the company where you work apply any of these labour flexibility measures? *

Yes

No

In process

3.1. If your answer was Yes in the previous question, specify your answer.

3.2. If your answer was No, specify what type of flexibility measure you would like.

4. What do you think ... *

	Agree	Disagree	Strongly disagree
If the company where you work incorporates work flexibility practices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If the company allows long-distance work (e.g. take work home etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If in the company, there is time flexibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The company trains its staff to adapt to other types of positions, functional flexibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If the company has fixed and variable salaries according to productivity and overtime	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Would you sign an employment contract for more than one year if the company where you work incorporates work flexibility practices? *

Yes

No

6. The implementation of flexible practices would increase the balance of your work and personal life *

Yes

No

7. Do you think that workers and the company, in general, show a predisposition and are prepared to implement practices linked to functional flexibility in different jobs? *

Yes

No

8. Do you think the adoption of flexible measures is increasingly accentuated in SMEs? *

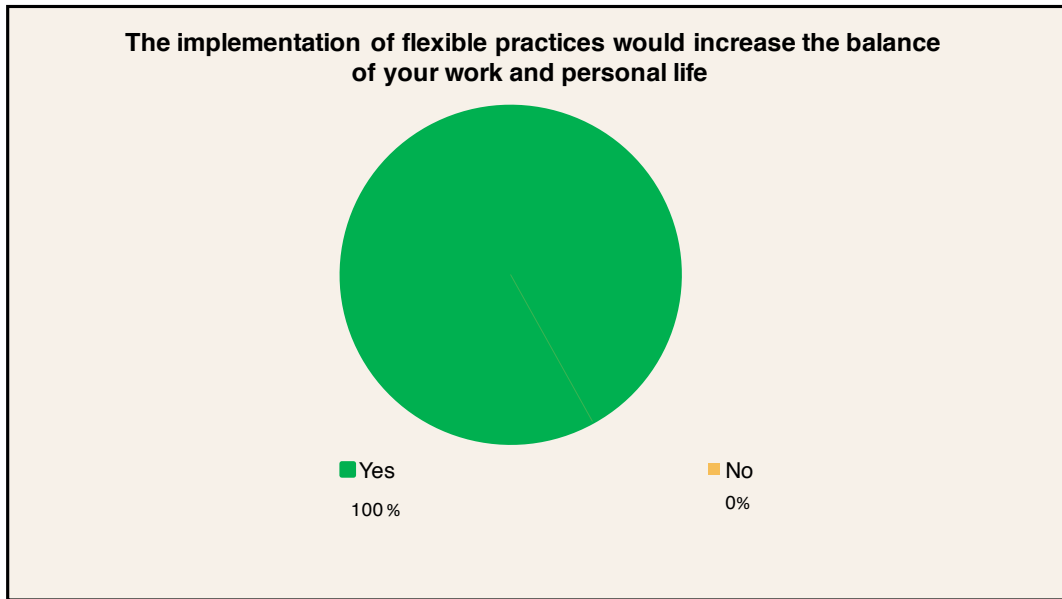
Yes

No

FLEXIBLE ARRANGEMENTS

EMPLOYEE RETENTION

Appendix C: Work and personal life balance



Appendix D: Percentage of employees signing for more than two contracts

