

IS FLEXIBLE WORKING?

The costs and benefits of flexible working and the drawbacks of one-size-fits-all flexibility mandates

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Summary

- Changes to our way of life during the Covid lockdown accelerated an existing drive for more flexible working opportunities.
- However, the costs of flexible working requirements have rarely been properly assessed and could extend to undermining growth, increasing unemployment and the rise in post-Covid withdrawal from the workforce.
- UK employers already offer a wide variety of non-traditional work options. Where this is the result of employers voluntarily offering such options and workers voluntarily accepting them, this is compatible with classical liberal approaches to the employment contract and economic efficiency.
- The rationale for the ‘right to request’ flexible working has expanded from concern for economically disadvantaged workers with health issues or caring responsibilities to a belief that all employees should be able to request a change to their working arrangements.
- The Employment Rights Act strengthens the ‘right to request’ flexible working arrangements and will make it very difficult for organisations to resist such requests.
- Flexible working arrangements advocated by pressure groups and trade unions include the right to work at home, to work compressed hours or a four-day week, a ‘right to

disconnect' and extended and more generously funded parental leave.

- All of these arrangements have benefits for some employees, and a monetary value can be attached to them. However, as other employees cannot benefit from these opportunities because of the nature of their jobs, pay relativities may need to adjust, and this could present difficulties where pay structures are rigid as a result of union pressures.
- Despite claims that flexible working is virtually costless to employers, this is not generally true; otherwise, flexible options would be offered voluntarily. Where employers face significant extra costs, these will be passed on to consumers in the form of higher prices and to workers in terms of lower wages and/or fewer job opportunities.
- A concern is the way in which effective employment mandates arising from tribunal decisions or further regulatory interventions may particularly benefit already privileged public sector employees. The costs fall on the taxpayer, and such mandates may undermine attempts to improve poor productivity performance. They will also make it still more difficult for private employers to compete.
- We are not in a position to evaluate the benefits and costs of particular working arrangements. But neither are politicians and civil servants. Employers and employees, negotiating in the 'particular circumstances of time and place', are better suited to undertake these evaluations. Government should take its hand from the tiller and allow businesses and employees to come to arrangements that best suit their own needs and requirements.

Foreword

Before the Covid pandemic, I sometimes used to say that I could, in principle, do my job from virtually anywhere in the world, without any loss in output. If it has a sufficiently strong internet signal, I could be working from a cabin in the Alps.

When lockdown hit in March 2020, I initially felt vindicated in that assessment. I had already sometimes worked from home, and now, I was just doing it more often. I missed the Westminster pub culture, but I was largely able to carry on what I had been doing.

As the months went on, though, I started to see benefits of working at the office that I had not previously noticed. For example, while Zoom calls are all well and good when you already know what you want to discuss and with whom, they cannot reproduce all the collaborative spillover benefits that sometimes result from unplanned interactions. And while an existing team spirit can be carried over into the virtual world, it is much harder to integrate newcomers in this way.

My experience was not an unusual one. I heard similar anecdotes from many other people, who discovered benefits of office work, or downsides of remote working, that they had not previously appreciated.

But I also heard at least as many anecdotes from people who had the opposite experience: they had assumed that their work required a constant physical presence in the workplace and that it could not sensibly be done from elsewhere. When push

came to shove, they found out that it very much could, if with some friction.

When Covid restrictions were lifted in 2021/22, some people simply returned to the way things were before, but many did not. Remote working, alongside various other working arrangements that would have been considered unconventional in 2019, have become more common. Whether the pandemic really created anything fundamentally new, or whether it merely accelerated preexisting trends, it is safe to say that some of these changes are here to stay.

So far, so good. In this day and age, though, we seem to have lost the ability to just let these things happen, on their own accord, and at their own pace. We wrongly think that there always needs to be a policy response and a legislative initiative, that everything needs to be regulated, formalised and standardised.

We are now seeing changes to employment legislation and demands for even more far-reaching ones, giving people a 'right' to formally request flexible working arrangements and specifying under what conditions employers can turn such requests down. What this means essentially is that politicians are telling business owners how to structure their work practices and thus, ultimately, how to run their business.

Flexible working is no longer just a labour market trend. It is now a political issue. This means that people feel obliged to have a sweeping opinion on it: are you 'for' or 'against' flexible working? Do you think flexible working is 'good' or 'bad'?

The authors of this paper, Professor Len Shackleton and Annabel Denham, rightly refuse to get into such arguments. They reject

that question altogether and replace it with a much more sensible one, which is: *who should make that decision?*

The answer, of course, is that the individual contracting partners affected by those decisions, namely employers and employees, should make it. It should be nobody else's business.

As alluded to in the opening paragraphs, people can misjudge these things even with regard to their own work, about which they presumably know more than anyone else in the world. If that is so, how plausible is it that someone can make well-informed judgements about an entire industry or an entire profession, let alone an entire economy?

Not very, is the answer. Which is why nobody should bother trying

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London, January 2026

Introduction

The unanticipated changes to our way of life during the Covid lockdown accelerated an existing drive for more flexible working opportunities. UK employers were already offering what was, by international standards, a considerable range of non-traditional work options and have been increasing the possibilities for adjusting work to diverse lifestyles and family commitments.

Where this is the result of businesses voluntarily offering such options and workers voluntarily accepting them, it is compatible with both classical liberal approaches to the employment contract and with economic efficiency. There are, however, increasing demands for the government to intervene to give employees new rights beyond those mutually agreed when contracts were signed.

Featuring among these demands are the right to work from home, to work compressed hours or reduced hours without losing pay, a 'right to disconnect' and longer or more generously funded maternity, parental and caring leave.

The previous Conservative government made some tentative steps towards meeting the zeitgeist; from April 2024, for example, employees have had the right to request various types of flexible working from Day One of their employment rather than having to work for six months as was previously the case. Now the Labour government has moved, as part of its Employment Rights Act, to strengthen employees' ability to choose the type of working arrangements they prefer by placing greater obligations on

employers to accede to requests – effectively to make flexible working the default, at least for some types of workers.

The arguments in favour of flexible working seem to be clear from the standpoint of employees. There is evidence of a strong and growing demand for flexibility (Department for Business and Trade 2023: 5). It may enable people to achieve a better ‘work-life balance’ – a term which became popular from the 1980s onwards. It can help people to fit caring responsibilities and non-work interests around the working week. It may reduce stress, tiredness and ‘burnout’¹ associated with work, perhaps allowing some people with disabilities or poor health conditions to hold down a job when they could not previously have done so and enabling some groups such as students and pensioners to boost their income when a full-time job is not possible or desirable. So it may increase the income and living standards of some groups while also increasing the pool of potential workers.

If a wider choice of employees is one possible attraction for employers, other claimed benefits (Çivilida and Durmaz 2024) include improved morale and job satisfaction, leading to lower staff turnover and skill retention (reducing recruitment costs) and lower absenteeism, which are all thought to have a positive impact on productivity and thus ultimately on profitability.

There may indeed be something in all this, but the evidence for these benefits is often anecdotal rather than quantitative. And it may be fallacious to assume that because pioneering firms offering particularly generous work options get good results,

¹ This now-ubiquitous term is of fairly recent origin, being developed in the 1970s from the study of drug-dependent people, then transferred to human service workers, and subsequently widened to cover the population as a whole. It is associated with work-induced depression and exhaustion. While some may be sceptical, it is a recognised psychological condition. See Schaufel (2017).

these results would be replicated if all businesses offered the same terms. The pioneering firms would attract those workers who were particularly interested in, say, home working or compressed hours. Other workers might be less motivated by such opportunities if they were made more generally available.

This would not matter if employers were completely free to experiment. If offering flexible working was successful, its use would spread, and businesses would learn what was useful in attracting and motivating workers and what was not. If the government makes it difficult for private employers to avoid offering flexible work, however, it seems likely that some of them will not be able to benefit from it. This is even more likely if the government, under pressure from strong unions, mandates particular options across the entire public sector.

Flexible working, though widely advocated, is not an unalloyed good, even for workers. While its attractions for existing employees may seem obvious, there can be unanticipated downsides to them, such as loss of teamwork and training opportunities. There may be more tangible costs, some of which can fall on workers themselves – or those who are seeking jobs but find it more difficult if employers cut recruitment. In some cases, different types of flexibility can clash. They will certainly have implications for patterns of pay, productivity and employment opportunities which are not necessarily obvious.

In this paper we explore some theoretical and practical issues surrounding the concept of flexible working and consider whether it justifies the hype. We also consider what role, if any, the government should have in this area.

The current situation

‘Flexible working’ can be defined as an arrangement which allows workers some choice over when, where or how they work, rather than following a standard pattern of hours at an employer’s factory, offices or other premises. It has long been a possibility in the UK, and voluntary employer offers of non-standard arrangements can be traced back for many years. Employees have always been able to ask their employers for a change in their working arrangements, but a formal ‘right to request’ under current legislation carries with it an obligation on employers to respond in a ‘reasonable manner’.

What are the economic grounds for government intervention in this area? An official document (Department for Business and Trade 2023: 6-7) asserts that there is a ‘market failure’² on three grounds. First, there are said to be positive externalities from flexible working (for instance benefits to children who see more of their parents, and for employers an increase in the available workforce as some people may be able to work on flexible terms but are unable to work a standard eight-hour day, five days a week). Second, there is ‘asymmetric information’ – although this concept appears to be misunderstood by the authors of this particular document, for what they describe is really ‘incomplete information’, a situation which characterises any market situation and is thus a completely open-ended rationale

2 For a critique of the way the concept of market failure – which may involve monopoly or monopsony, uncertain property rights, lack of prices for some goods and so on – is used to justify government interference in the economy, see Bourne (2019).

for government interference anywhere in the economy³. Third is ‘inequality’, not normally considered a ‘market failure’ as such, but which might seem to imply that every employer must offer the same opportunities for different types of contractual obligation to every worker, something unlikely ever to be possible⁴.

Apart from these quasi-textbook rationalisations for intervention, the authors also mention the objective to ‘help more employers to secure the business benefits of flexible working’. It is not clear exactly what barriers employers face to obtaining these ‘business benefits’: this seems rather to reflect a view that government knows better than businesspeople what is good for them. Classical liberal economists such as F. A. Hayek (1945) long ago warned us of the dangers of assuming that governments possess superior knowledge about how economic activity should be carried out, while more recently Richard Epstein (1984) has pointed to the problems associated with governments using this assumption to override contracts freely negotiated between employers and employees.

The legal position

The legal right to request was introduced in a modest way by the Labour government in 2002, when parents with a child under 6,

3 Governments are themselves guilty of providing asymmetric information in that most official publications stress the positives, without adequately considering the downsides, of flexible work.

4 One aspect of inequality which is often stressed is the gender pay gap: politicians sometimes assert that flexible working possibilities help to reduce it, Ian Westbrook, ‘Flexible working should be default, says MP Helen Whately’, *BBC News*, 16 July 2019 (<https://www.bbc.co.uk/news/business-49003413>). However, there are arguments against this assertion, as we shall see.

or a disabled child under 18, and who had 26 weeks' service with their employer, were given this right (Pearson 2025; Cunningham et al. 2024). It was always likely that the right would be extended. In 2006 it was extended to some carers of over-18s and in 2009 to parents of all children under 17. The Coalition government opened this facility in 2014 to all employees with 26 weeks of continuous service; it was no longer to be confined to carers. Then in April 2024 the right to request became a 'Day One' right, employees became able to make two applications in a 12-month period (previously only one request per year was supported), and employers were required to make a decision within two months (previously it was three)⁵.

Finally, Clause 9 of the new Employment Rights Act (2025) requires employers to consult with employees and to give evidence-based grounds for refusal in writing. A refusal can only be in terms of the business grounds spelt out in the box below and must now clearly be 'reasonable'. Employment tribunals, which could previously only consider a case where correct procedures had not been followed or there were 'incorrect facts', will now be able to adjudicate on the reasonableness of a rejection. Unsurprisingly, this worries employers, who must now be certain they have a rock-solid case and have considered all possible ways in which a request for flexibility could be accommodated.

5 See <https://www.gov.uk/flexible-working>

An employer can refuse a request for flexible working on these business grounds:

- a. The burden of additional costs
- b. Detrimental effects on the ability to meet consumer demand
- c. Inability to reorganise work among existing staff
- d. Inability to recruit additional staff
- e. Detrimental impact on quality
- f. Detrimental impact on performance
- g. Insufficiency of work during the periods the employee proposes to work
- h. Planned structural changes
- i. Any other grounds specified by the Secretary of State in regulations

Moreover, the broad remit of discrimination law, with its special concern for those with ‘protected characteristics’, opens recusant employers to further jeopardy. While an employee without such characteristics could only obtain limited recompense through a tribunal, compensation for discrimination claims has no upper limit. Nationwide Building Society recently lost a case where an employee caring for her mother refused to be office-based as the employer required and won a £350,000 payout at an employment tribunal⁶. In another case, a young mother returning to work in an estate agency wanted to switch to a four-day week and

6 Pam Loch, ‘Case update: employers must do their homework before making “back to the office” decisions’, CIPD, 6 October 2023 (<https://www.peoplemanagement.co.uk/article/1839812/case-update-employers-homework-making-back-office-decisions>).

leave early to pick her daughter up from nursery; when this was refused, she resigned, claiming constructive dismissal and discrimination, and received an award of £180,000⁷. This protection is not confined to women, either: a van driver who requested a shorter working week when his partner was expecting a baby was subject to gossip and comments. As a woman would not have faced this, it was judged that he was a victim of sex discrimination. He was awarded £20,000⁸.

So, although the Employment Rights Act does not quite make flexible working a legal default, it is going to be significantly harder and riskier for an employer to refuse requests. Many such requests for flexible working have always been made informally, but the Act is likely to increase the number of formal requests. Of those which have gone through the formal route in the past, around 90% appear to have been accepted (Department for Business and Trade 2023: 11). This may be, as advocates claim, because employers believe that greater flexibility increases employee commitment and reduces absenteeism and turnover (CIPD 2018), indirectly increasing productivity, and that adjustment to flexible working is easy and relatively costless to the business. It is possible, however, that the costs of flexible working are greater than is apparent to outsiders, and that fear of tribunal claims may be a significant factor in acquiescence. Any such fear must have been increased by the new legislation.

7 'Mother refused 5pm finish wins £185,000 payout', *BBC News*, 8 September 2021 (<https://www.bbc.co.uk/news/business-58473802>).

8 Honey Wyatt, 'DPD driver wins £20k after colleagues gossip about flexible working', *HR Magazine*, 24 October 2024 (<https://www.hrmagazine.co.uk/content/news/dpd-driver-wins-20k-after-colleagues-gossip-about-flexible-working>).

The extent of flexible working

Whatever the reason, a large number of UK workers certainly enjoy a degree of flexibility already. In 2023 the Chartered Institute of Personnel and Development (CIPD) reported that 60% of employees had some form of flexibility in their work pattern, up from 51% in 2022. Such arrangements were more common in the voluntary sector (78%) than in the public (66%) and private (57%) sectors (CIPD 2023: 13).

Table 1 shows the results of a 2023 CIPD survey of over 2000 employees, indicating which forms of flexible working are most common. This survey was not fully representative, but it does show an interesting picture of the diversity of working arrangements. Employees may have more than one element of flexibility, which is why the total is more than 100%: they may, for instance, have a job-share and work at home or be working part-time on a termtime-only basis.

Table 1 Flexible working arrangements, 2023

Type of flexible working used by employees	% using
Annualised hours	3
Flexitime	17
Zero-hours contracts	3
Termtime working	2
Job-sharing	1
Working from home on a regular and/or ad hoc basis	37
Always working from home	17
Part-time hours	14
Compressed hours	4
Four-day week	6

Type of flexible working used by employees	% using
Career breaks	1
Informal flexibility	31
Other	3
Don't know	1
Not applicable	25

Source: Adapted from CIPD (2023)

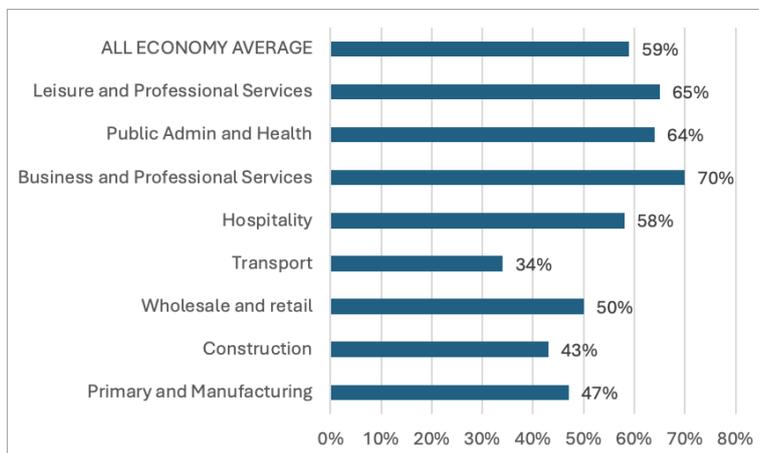
A further survey two years later (McCartney 2025) shows that flexible working continues to grow, with working from home and flexitime still its most common forms. However, many employees say that certain types of flexible working are not available to them. In particular, job-sharing is unavailable to 80% of respondents; similarly, termtime working (80%), a four-day week without a pay reduction (75%), annualised hours (73%), compressed hours (62%) and career breaks (61%) cannot be accessed.

It is not surprising that the ability to take up particular types of flexible working is unevenly spread across the workforce. There are obvious reasons why manufacturing or agriculture, for example, offer limited opportunities for working from home, largely confined to administrative tasks. In transport, compressed hours may conflict with safety requirements and existing union agreements.

The overall ability to work flexibly is illustrated in Figure 1, which relates to an earlier year. Employees in Business and Professional Services and Public Administration and Health were much more likely to be taking up flexible working arrangements than those in construction. Other data from the same survey indicate that female employees are more likely to take up flexible working opportunities than men, and that those in higher income groups

(> £40k household income in 2020) were more likely to do so than those in lower income groups.

Figure 1 Take-up of flexible working, 2020



Source: Department for Business and Trade (2023) from Employee Rights Survey

These differences in the ability to take up flexible working are apparent when we look in detail at different forms of flexible work. We now turn to look at the most widely discussed feature of flexible working: the ability to work from home.

Working from home

The most obvious feature of post-Covid flexible employment is the spread of working remotely, which mainly means working from home⁹. Prior to lockdown, around 4.5% of the employed in Great Britain worked almost exclusively from their own home; that figure has now reached 12% (Table 2). Perhaps more significantly, a further 28% now work from home some of the time ('hybrid working') during a typical week. This is a remarkable change. As the Centre for Economic Performance puts it, 'No other episode in modern history involves such a pronounced and widespread shift in working arrangements in such a compressed time frame' (Aksoy et al. 2023: 1).

Table 2 Percentage working from home by age, Great Britain 2 April-29 June 2025

Among those in employment in the past seven days, have you worked from home

	All	16-29	30-49	50-69	70 >	Male	Female
Yes, all of the time	12	6	15	12	7	12	11
Yes, some of the time	28	21	36	23	8	29	26
Yes, all of the time or some of the time	39	27	51	35	15	41	37

9 Some of those 'working from home' may in reality be working in local libraries or cafes, particularly if 'home' is crowded or otherwise unsuitable. People can sometimes work on the move, on trains, buses or aeroplanes. There has also been considerable media chatter about 'digital nomads' travelling the world and working online from different countries. Although some estimates suggest as many as 35 million digital nomads worldwide, we have not found it possible to get reliable figures for employees of UK businesses.

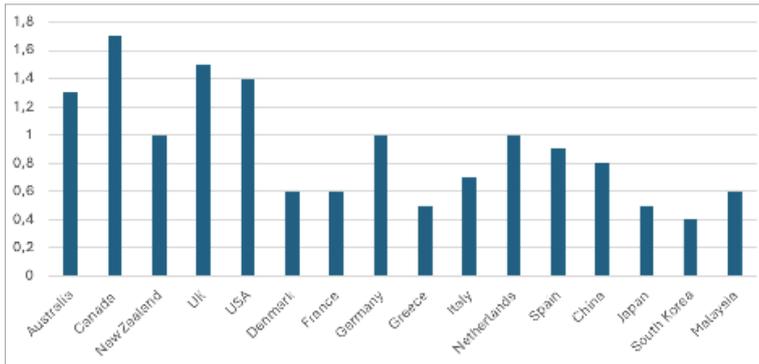
	All	16-29	30-49	50-69	70 >	Male	Female
No, I am not able to work from home	37	48	33	39	11	37	36
No, I have not worked from home though I am able to	9	9	9	11	6	10	9
Not worked in the past 7 days (illness, holiday, maternity leave etc)	14	16	7	15	68	11	18

Source: Opinions and Lifestyle Survey, ONS.

Britain is far from alone in this move to home working. A similar change has occurred across the planet, although the trend is more marked here, as in the USA and Canada, than in continental Europe or most of Asia (Barrero et al. 2023; Aksoy et al. 2023)¹⁰. Figure 2 illustrates this.

¹⁰ Some of the variation between countries is likely to reflect different industrial and occupational structures. For instance, Germany has more than twice the proportion of employment in manufacturing (where working from home is unlikely in modern conditions) than the UK. Nevertheless, we do seem to be keener on working from home than most (House of Lords 2025: 21).

Figure 2 Paid full days worked from home, selected countries April-May 2023



Source: Aksoy et al. (2023)

In a curious way, our newfound enthusiasm for home working is a recapitulation of the experience of our ancestors. Until the Industrial Revolution, the majority of the working population would have been working in or around the home, whether in agriculture, crafts or simple manufacture. For example, under the ‘putting out’ system entire households – men, women and children – would work in textile production using raw materials supplied by merchant capitalists (Amor 2023). Now, however, ‘discussion of home working in the UK refers, in the main, to office workers’¹¹.

The benefits of home working

The option to work at home in modern conditions – for at least part of the time – has some obvious attractions. It gives people more time with families, reduces travelling time to work and can

11 Professor Alan Felstead, quoted in House of Lords (2025: 10).

save the considerable costs associated with commuting¹². These are real benefits which many people clearly value. Aksoy et al. (2023) suggest, on the basis of a large international online survey, that UK respondents value these benefits as equivalent to a pay rise of between 4 and 5%. Others put the figure higher (House of Lords 2025: 76). There are predictable variations in people's valuation of the ability to work at home, however. Women value the option more than men, and people with young children more than those without. Their valuation rises with the time spent in commuting and is higher for those with degrees than those without (possibly reflecting better-paid graduates' more comfortable homes).

If there are attractions for the employee, there are also potential attractions for the employer. If employees are increasingly hotdesking, there can be savings in rentals for office accommodation, which has been very expensive in the centre of major cities, and also in energy and insurance costs¹³. There are also claims that offering home working makes recruitment easier (House of Lords 2025: 56-58) and improves retention (Bloom et al. 2024).

Some other perceived benefits are more debatable. One such is the effect on productivity, where opinions differ considerably. This is hardly surprising. As Barrero et al. (2023: 39) note, 'jobs and tasks differ greatly in their suitability for remote work.'

12 Meg Bratley, 'The average cost of commuting into London is in excess of £5000 a year', IFA, 27 January 2024 (<https://ifamagazine.com/average-uk-train-fares-costing-commuters-3454-per-year/>).

13 'Majority of UK businesses now taking steps to reduce office space post-pandemic', Gallagher, News & Insights, 7 September 2023 (<https://www.ajg.com/uk/news-and-insights/2023/september/uk-businesses-reduce-office-space-post-pandemic/>)

Employees tend to rate their productivity when working from home higher than employers do (House of Lords 2025: 52). Partly, Barrero et al. (2023) suggest, this may be because employees think of productivity differently. Whereas when travelling to work their day may stretch to ten hours or so, they find they can get the same amount of work done in eight hours at home. Subjectively they feel they have saved time and thus increased productivity when they are spending the same amount of time actually working for the employer.

Early studies which attempted to measure productivity before and after a switch to remote working were often poorly designed and produced spurious results, but more recent studies, including some randomised controlled trials (RCTs)¹⁴, have produced more reliable findings.

One very highly cited experimental study (over 1000 citations) was conducted by Nicholas Bloom and colleagues from Stanford University (Bloom et al. 2015). They studied China's largest travel agency. Employees who were willing to participate were randomly assigned to either work at home or serve as a control group. The productivity of the home-based group rose by 13% over the period covered by the experiment, while there was no change in the performance of the control group. The productivity gains were attributed to an increase in the number of minutes actually worked, as the home workers took fewer breaks and sick days¹⁵.

14 In an RCT, workers are allocated at random to working at home or working in the office. An example is the study by Atkin et al. (2023), which covered data-entry workers in India.

15 However, half of the home workers opted to return to the office after the experiment ended, citing the loneliness of working at home.

By contrast, several recent studies (Gibbs et al. 2021; Emanuel and Harrington 2023; Battiston et al. 2021; Atkin et al. 2023) suggest that fully remote working can *reduce* productivity. Possible mechanisms include slowing communication, increasing coordination costs, ‘silo’ behaviour and impeding knowledge transmission to and mentoring of younger workers. Emanuel and Harrington’s study (2023) of call-centre workers, though, also raises the interesting issue of adverse selection; that is, those who opt for working from home are less ambitious and less productive than those who prefer to go into the workplace, and this may partly account for poor productivity performance.

While fully remote working may have ambiguous effects, it is, post-pandemic, relatively unusual – as Table 2 shows. The much more common ‘hybrid’ pattern, working perhaps two days a week at home, seems to present fewer problems. Studies of such arrangements ‘often find productivity gains (relative to traditional arrangements) or no discernible effects’ (Barrero et al. 2023: 42).

Who works from home?

There are other issues which should be taken into account when assessing remote work. Home working may often be felt as a benefit to some employees, but if so, it is a benefit which is not available to all. Table 2 shows that home working is most common amongst 30–49-year-olds. Younger and older workers may be less able to work remotely. There are differences between genders. Table 3 shows that it is also a benefit which is associated with particular occupations. The highest earners are most likely

to do some work at home¹⁶: those earning more than £50,000 a year are up to ten times as likely to work at home as those on less than £10,000 a year¹⁷. This is in large part the result of different jobs – those on low pay are likely to be employed in jobs such as cleaning, retail and hospitality, which require physical presence. But, as suggested earlier, it is also likely to be associated with having homes which are more suitable for remote work (Davies et al. 2024).

Table 3 Percentage working from home all or some of the time, Great Britain 2 April-29 June 2025

As percentage of all actually working during last seven days (excluding those absent from illness, holiday, maternity leave etc.): figures rounded.

Occupation	%
Managers, Directors, Senior Officials	69
Professional Occupations	71
Associate Professionals	57
Administrative and Secretarial Occupations	49
Skilled Trades	18
Caring, Leisure and other Service Occupations	11
Sales and Consumer Service Occupations	10
Process, Plant and Machine Operatives	8

16 Pearson (2025: 15) points out that flexible working more generally 'is currently disproportionately used by higher-status employees and those in professional jobs'.

17 There are also differences by region, with people in London and the South East far more likely to work at home some of the time than those in the North East, for example. And, as with many socioeconomic variables, there are differences by ethnicity. The Opinions and Lifestyle Survey shows that Asians or Asian British are the ethnic group most likely to work some of the time from home; they are almost twice as likely to do so as Black, African Caribbean or Black British.

Occupation	%
Elementary Occupations	2

Source: Opinions and Lifestyle Survey, ONS

Some problems

Many workers are not so lucky. A study of home working in the civil service (Government Property Agency n.d.) during lockdown found that 35% of staff did not have a space at home that they could designate for work. Respondents in the London region, younger civil servants and those of Black or Black British ethnicity were ‘more likely to be working from a non-work specific setting at home’. This might involve working at kitchen tables in crowded flats, from sofas or even bedrooms. According to one more recent source¹⁸, in 2024 less than half worked in a dedicated study, with 27% working either in the kitchen or dining room. The former Work and Pensions Secretary Liz Kendall has argued that working from home can be a ‘nightmare’ for some young people¹⁹.

Such unsuitable home work environments during lockdown seem to have led to a range of mental (stress and depression) and physical (musculoskeletal) health problems (Radulovic et al. 2021; Oakman et al. 2020; Fadel et al. 2023). These problems may also be implicated in the rising post-Covid withdrawal from the workforce.

18 Bringing work home: Dining room tables among the places doubling up as office desks for half of workers | University of Surrey

19 Genevieve Holl-Allen, ‘Working from home can be a “nightmare” for young people, says Liz Kendall’, The Telegraph, 23 September 2024 (<https://www.telegraph.co.uk/politics/2024/09/23/working-from-home-is-bad-for-young-people-says-liz-kendall/>)

If these are problems for employees, they are also potentially problems for employers. Businesses are obliged to ensure that they provide safe and healthy work environments, and this obligation extends to home working (House of Lords 2025: 32). While heating, furniture, seating, lighting and computing facilities can be regularly checked in the office, this is not easily accomplished for large numbers of people working at home in very different locations. There has been at least one tribunal case where an employer was ruled to have discriminated against a worker with a disability by not providing a special chair for him to work at home²⁰. There is clearly potential for further tribunal cases where employers do not have a full picture of the conditions under which remote work is carried out.

Added to this, some employers downplay the benefits of home working for individual wellbeing and emphasise rather that young people may lose out on picking up informal understanding of their work and that there may be a dilution of morale and corporate culture and a decline in working collaboration amongst more senior staff. There have been well-publicised examples of large firms, such as Amazon²¹ and JPMorgan Chase, demanding a 'return to the office'.

How the pros and cons of working from home balance out clearly differs from business to business and from individual to individual. It would be mistaken to say that home working is always right or always wrong. Studies mainly tend to concentrate on elaborating possible benefits, and few if any assess the

20 'Disabled employee dismissed for suitable work chair request was a victim of disability discrimination, tribunal rules', *IOSH magazine*, 12 January 2023 (<https://www.ioshmagazine.com/2023/01/12/disabled-employee-dismissed-suitable-work-chair-request-was-a-victim-disability>).

21 Natalie Sherman, 'Amazon tells staff to get back to office five days a week', *BBC News*, 16 September 2024 (<https://www.bbc.co.uk/news/articles/czj99ln72k9o>).

monetary costs and benefits associated with a switch to remote or hybrid working. Given this, there is clearly a danger in the government tipping the scales in favour of home working by making it much more difficult for employers to refuse requests or by mandating a particular pattern across the entire public sector under pressure from unions – or indeed from politicians who take a radically different line, as Jacob Rees-Mogg²² did when he was in government.

22 ‘Jacob Rees-Mogg calls for civil servants to return to the office’, *BBC News*, 19 April 2022 (<https://www.bbc.co.uk/news/uk-politics-61145692>).

The right to disconnect

One of the less attractive features of working from home is the difficulty of firmly demarcating work from other activities.

A significant effect of remote and hybrid working is that they can cause the boundaries between professional and personal life to become blurred ... individuals can experience conflict between different commitments which they hold, such as concerning work and family. (House of Lords 2025: 37)

While the plus side of home working offers the possibility of breaking off from work to pick children up from school or to take the dog for a walk, people have to make time up later. This often means working into the evening. With boundaries difficult to maintain, it appears that many people end up working significant amounts of 'unpaid overtime' to keep up to speed²³. It has been argued that this overtime may lead to breaches of the Working Time Directive²⁴, which we signed up to when we were in the European Union and which is still UK law (Chung and van den Horst 2020; Lerouge and Trujillo Pons 2022). It may cause stress, contribute to burnout and otherwise damage health (Stojkovic Zlatanovic and Skobo 2023). This is the rationale for the demand for the 'right to disconnect'.

23 See, for example, 'UK workers do 19m free overtime each month', Cameo Consultancy, 31 May 2024 (https://www.cameoconsultancy.co.uk/our_work/news/301/uk_workers_do_19m_free_overtime_each_month). But here, as in similar cases, this 'overtime' is self-reported, and a degree of scepticism is appropriate.

24 Although many of those working outside normal hours are professionals or senior managers whose working time may not be formally determined.

Such a right was solidified in French legislation in 2016 as part of the El Khomri Law²⁵, which was intended to modernise French labour market regulation (Pansu 2018). Introduced to ensure ‘observance of rest time and leave as well as of personal and family life’, the French right to disconnect requires companies with more than 50 workers to negotiate annually with those workers and determine policies which set out the hours during which staff are not obliged to send or answer work communications.

The development of this right had begun with a 2004 judgment of the Cour de Cassation, France’s highest court for civil and criminal cases. This judgment found that an ambulance driver’s failure to answer his work phone out of regular working hours was not valid grounds for sacking him. In 2018 the same court (this time applying the 2016 legislation) ruled that employees are entitled to extra pay whenever they are asked to be available to take work-related phone calls outside of their regular working hours. The court fined the employer €60,000 for their failure to do so.

Furthermore, the French Ministry of Labour recently clarified that all rules regarding work time and the right to disconnect apply equally to ‘telework’ as they do to traditional employment.

Since 2016, European countries such as Italy, Spain, Belgium, Germany, Ireland and most recently Portugal, have followed France and implemented their own variations of a right to disconnect²⁶. They differ in the form they take and in the degree

25 Named for Myriam El Khomri, the French labour minister at the time, law number 2016-1088 came into full force in 2017. It was unpopular with unions, as it made other changes, notably to dismissal procedures, which were intended to liberalise France’s employment regime.

26 So have a number of countries in other parts of the world – Peru, Argentina, Thailand and Australia, for example.

of compulsion. Ireland simply requires an organisation to consult workers and produce an organisation-specific agreement on what is acceptable. Others – Portugal²⁷ probably has the toughest rules – are much more prescriptive.

Ireland’s approach (WRC 2021) specifies three main elements, which form a part of all such schemes: the right of an employee not to have to routinely perform work outside normal working hours; the right not to be penalised for refusing to attend to work matters outside those normal hours; and the duty to respect another person’s right to disconnect (by not regularly emailing or calling them outside normal working hours).

In Portugal, employers have a legal duty (which translates as ‘the duty of absence of contact’) to avoid contacting workers during their rest period, whether they work from home or not, except in exceptional circumstances. If they breach this duty, they can be fined nearly €10,000.

These rights, which seem to be devised with routine white-collar office/working from home employment in mind (such as that in the civil service and other large bureaucracies), inevitably have to be hedged around with exemptions – for smaller businesses, for companies operating across time zones, for hospital and emergency workers. They need to allow for employees with unusual working arrangements. The UK, which has traditionally had a wider range of flexible working than countries such as France, already has many employees working non-standard hours. As we have seen (CIPD 2023: 15), 17% have ‘flexitime’ arrangements, for example, meaning that their ‘working time’

27 Mariana Pinto Ramos, ‘The right to disconnect – or as Portugal calls it – the duty of absence of contact’, *Global Workplace Law & Policy*, 9 March 2022 (<https://global-workplace-law-and-policy.kluwerlawonline.com/2022/03/09/the-right-to-disconnect-or-as-portugal-calls-it-the-duty-of-absence-of-contact/>)

does not necessarily match with those of other members of staff, limiting periods when they can communicate if strict rules were to be imposed.

Pre-Covid, ONS figures show that four million employees worked 'flexitime', two million had annualised hours contracts; neither of these groups had fixed daily hours of work. Nearly a million and a half, mainly women, had termtime-only jobs. Over 100,000 had job-shares. There were 9-day fortnights, fractional-hour contracts, on-call working and so on. Devising a law to cover all these possibilities, and others which innovative employers and employees might agree to in our ever-changing labour market, is a difficult task. There have been problems in France with trying to pin these rights down – just as the French have had with handling their famous legally mandated 35-hour week.

A hard and fast rule would most obviously suit such undynamic forms of employment as the civil service, local government, school teaching, quangos – often heavily unionised routine work protected from market forces. Such jobs are characterised by a standard day, usually 9 to 5, formerly carried out in large office blocks or other premises, but much of it now, as we have seen, decanted into home offices or other remote locations.

You can see the appeal of the right to disconnect for people in this kind of job. The trade union Prospect (2020) found that all age groups and voters from all political parties supported the idea of a right to disconnect in principle. 53% of Conservative voters, for example, were in favour, with only 22% opposed.

But all employment 'rights' may carry costs. If they do, employers inevitably try to pass them on to employees. Thus, if work contact in the evenings and at weekends is forbidden, employers are going to want to be pretty sure that staff are available and fully

occupied during contracted hours. Much of the flexibility of the new ability to organise work at home could disappear if a strong right to disconnect was imposed. Employers would want to know why that phone call or email had not been answered by 5pm. Messing around on Facebook or ordering stuff from Amazon would have to wait. Stress at being contactable at all times may be replaced by new forms of stress as daytime work pressures increase. We might expect greater monitoring of staff – and also company rules that discourage staff sending out-of-hours communications by making this a potential disciplinary matter. The logic here is that employers are responsible for seeing that the law is upheld, and if they permitted staff to breach the right to disconnect on their own initiative, this could not be achieved. While most employers will probably handle this situation sensibly, it is not difficult to see how some could get it wrong, with adverse consequences both for employee relations and for productivity.

The UK's labour market is, as we have noted, a hugely varied, diverse environment that allows for a wide range of lifestyles²⁸. There are plenty of jobs where working hours are clearly defined and involve no significant contact from employers and fellow workers outside those hours. But many people do not want to work this way: they are totally committed to their jobs and do not see an obvious break between working time and leisure.

Bankers want to make sure that the deal with Singapore is tied up, however much time and however many Zoom calls it takes. Academics want to finish that important new paper they have

28 The UK differs markedly from France, with a great variety of working arrangements. According to the OECD's Data Explorer, in 2024 only 6% of the French workforce worked less than 19 hours a week, compared to 11% in the UK. At the other end of the hours distribution, 33% worked more than 40 hours a week as against 44% in the UK.

been working on with co-authors. Creative people are working round the clock to get a new advertising campaign or TV programme or theatre production off the ground, collaborating with others all over the place. Young people in particular – usually without family responsibilities – often enjoy the buzz of long hours focusing on exciting projects.

Their employers would be faced with a dilemma. If they did not allow people to work the way they want, they might lose the benefit of their brightest and best employees, who would move elsewhere or set up on their own account. Yet if they did not insist on the rules, keen workers could trespass on other people's time, and the employer would risk ending up in a tribunal case.

It might be easier to outsource jobs to freelancers or workers in another country whose expectations are different. Or employers might just be very much more selective in whom they choose to employ, which brings the risk of discrimination. Again, the knock-on effects of government intervention could be counter-productive.

The Labour Party, in its pre-election Green Paper 'A new deal for working people' (Labour n.d.), said that it would bring in a 'right to switch off'. However, this was dropped from the Employment Rights Act. This does not mean, though, that the ambition has been abandoned. It may be that there will be later legislation when the new Act has bedded in. Meanwhile the same effect could well be achieved without legislation when the planned ACAS Code of Practice on disconnection is introduced. Unions may use this to pressurise employers, and tribunals may take it into account in cases where workers claim breaches of the Working Time rules. So, this remains a live issue, with the threat that badly designed 'guidance' could lead to restrictions on business which inhibit productivity.

The four-day week

Across the world, working hours are falling (Dolton 2017). Not so long ago, a ten-hour, six-day week was considered normal. Now, it is the just-under-eight-hour, five-day week. Keynes (1930/1972: 329) suggested that by 2030 we might be working just fifteen hours a week. This is looking a bit optimistic. But why can't we adjust our expectations, shifting towards a 32-hour week worked over four days, as is increasingly being proposed?

Advocates believe Britain is overworked, though across G7 nations Brits work among the fewest hours: more than the Germans and French, but fewer than Canadians, Italians, Americans or the Japanese²⁹. Despite leaving the European Union, the UK still adheres to its Working Time Directive, which mandates that staff may work no more than an average of 48 hours per week over each 17-week period. Between 1999, when the regulations were introduced, and 2015, the number working over 48 hours per week decreased from 3.8 million to 3.417 million³⁰.

The long-term trend is downward, inversely correlating with the growth in real wages. When productivity improves, wages tend to increase because workers generate more value, allowing

29 World Population Review, Average Workweek by Country 2026 (<https://worldpopulationreview.com/country-rankings/average-work-week-by-country>)

30 '15 per cent increase in people working more than 48 hours a week risks a return to "Burnout Britain", warns TUC', TUC, 9 September 2015 (<https://www.tuc.org.uk/news/15-cent-increase-people-working-more-48-hours-week-risks-return-%E2%80%98burnout-britain%E2%80%99-warns-tuc>)

employers to offer better pay and workers to devote more time to leisure.

The growing appeal

The appeal of a four-day week is superficially strong. Polling conducted by Survation on behalf of Autonomy in July 2020 found that 63% of workers supported the introduction of a four-day working week without any reduction in pay³¹ – though they were considerably less keen on a four-day week with pay reduced in proportion. As with flexible working arrangements more generally, there are industries which better lend themselves to a four-day week. Technology and office-based industries have made the greatest inroads into reducing working hours so far (Shepherd and Bhattacharya 2021).

France's experience with a 35-hour working week, introduced in 1998, illustrates the complexities of implementing mandatory cuts in working hours. The primary beneficiaries were those already advantaged, such as managers and civil servants – whose hours are anyway more flexible – rather than lower-skilled workers (Askenazy 2013). The legislation's broader effectiveness was undermined by multiple exemptions and loopholes (Skidelsky 2019) while survey measures do not show any increased work satisfaction as a result (Estevao and Sa 2006). Incidentally, Estevao and Sa found that some workers took advantage of reduced hours to find additional part-time jobs. This would likely occur here if four-day weeks were introduced.

31 Louisa London, 'What happened to the four-day working week?' Hays (<https://www.hays.co.uk/market-insights/article/what-happened-to-four-day-working-week#:~:text=At%20the%20time%2C%20only%205,by%20the%20beginning%20of%202028>).

While admirable in some ways, it rather weakens the argument that there is a general suppressed demand for leisure and that a four-day week would reduce stress and burnout. As Bell and Blanchflower (2019) have suggested, there are probably as many workers who want to increase their hours of employment, valuing pay more highly than leisure at the margin, as those who want to reduce them.

Notwithstanding the problems shown up by the French precedent, a 32-hour week has been championed by academics and trade unions, has been trialled by businesses across the world and was even briefly adopted as official policy by Jeremy Corbyn's Labour Party³². Unions, including the Communication Workers Union and PCS Scotland, have launched campaigns; UNISON, the UK's largest trade union body, officially backed a four-day week in June 2024, suggesting it would 'help employers recruit and retain staff'.³³

A Ten Minute Rule Bill legislating for a four-day week was tabled in the House of Commons in 2022. The Welsh Senedd's Petitions Committee in 2023 backed a public sector trial, though this has not been initiated. Two Scottish public bodies did take part in a year-long pilot that involved implementing a 32-hour working week across four days (Autonomy Institute 2025).

Its 'evaluation' report rehashes the general arguments for shorter hours. First, that it can increase worker productivity, thus benefitting the employer (Coote et al. 2020). Second, a four-day

32 'General election 2019: What is Labour's four-day working week plan?' *BBC News*, 13 November 2019 (<https://www.bbc.co.uk/news/50405068>).

33 'UNISON backs four-day working week', UNISON South West (<https://southwest.unison.org.uk/news/2024/06/unison-backs-four-day-working-week/>).

week is said to be associated with higher employee wellbeing and an improved work–life balance.

Further, it has been suggested elsewhere that businesses may experience a reduction in costs – less electricity usage, lower rents and office maintenance, cheaper water bills³⁴ – as well as improved staff retention.

There are also possible wider economic advantages; a four-day week could give workers time to be carers, potentially easing the pressure on Britain’s care sector. It could allow more people to participate in the labour market and help spread jobs. It is also argued (Shepherd and Bhattacharya 2021) that a four-day week could create a fairer society, with reduced inequalities, stronger communities, a cleaner environment and more sustainable living practices, though such claims are impossible to assess.

Constraints and considerations

Not all sectors could feasibly adopt a four-day week. The emergency services, education or the arts, for instance, face practical challenges around labour supply and funding. The TaxPayers’ Alliance has suggested rolling out a four-day working week across the public sector could cost £30 billion per year in lost working time, the equivalent of a 5p rise in the basic rate of income tax³⁵. They argue that if an organisation can really manage to produce as much with its staff working 32 hours

34 ‘Pros and cons of a four-day working week’, British Business Bank (<https://www.british-business-bank.co.uk/business-guidance/guidance-articles/staffing/four-day-working-week-pros-and-cons-for-your-business#:~:text=or%20were%20maintained.,Reduced%20costs,were%20able%20to%20reduce%20costs>).

35 Public sector four-day week - The TaxPayers’ Alliance

rather than 40, then existing working practices may warrant further scrutiny.

Between June and December 2022, 4 Day Week Global, in conjunction with the UK's 4 Day Week Campaign, organised a trial involving 61 companies, with around 2,900 employees dropping a day of work. Firms involved included online retailers and financial service providers, consultancy, IT, housing, marketing and hospitality. 4 Day Week Global's findings suggested the four-day week 'significantly' reduces stress and illness in the workforce and helps with worker retention. Over two-thirds (71%) of employees self-reported lower levels of burnout. Researchers found a 65% reduction in sick days. In a report of the results, 92% of companies which took part in the pilot said they intended to continue with the four-day working week, though only 18 of the 61 have so far confirmed the change as permanent. Companies' revenue rose by 1.4% on average during the trial period.³⁶

While the results were lauded by 4 Day Week Global as 'overwhelmingly positive', there are underexplored considerations. On average workers only reduced their hours from 38 to 34. The boost to revenue may have been overstated by comparing the recent six-month period to that directly after the economy reopened post-lockdown. Firms were in sectors which lend themselves to flexible working; it would be difficult to extrapolate these results to the emergency services, hairdressing or surgery. If these workers are absent on Fridays, somebody else has to be employed in addition. Reducing working hours without commensurate increases in productivity – and without loss of

36 The Results are in: The UK's four-day week pilot, 4 Day Week Global (<https://autonomy.work/wp-content/uploads/2023/02/The-results-are-in-The-UKs-four-day-week-pilot.pdf>).

pay – is likely to mean reduced profits or the need for increased public funding³⁷.

The results also indicate that, with the right incentives, some workers could be far more productive. Many companies reported putting significant preparation into the pilot; one brewery, for instance, told of studying the process closely, breaking down the tasks involved, searching for new efficiencies and developing a new set of production targets. Staff were encouraged to jump in on tasks that may previously have been outside their remit. But it has been pointed out that there was no requirement for a four-day week to achieve a more efficient use of labour³⁸.

When, in 2023, South Cambridgeshire District Council put council staff on a 32-hour rather than 40-hour week with no loss of pay, it said that it had managed to maintain the same level of bin collections by rationalising routes used by lorries. But this rationalisation could have been undertaken without reducing the hours of individual workers. It also claimed that it saved money because of greater retention and easier recruitment. That, however, may have been what economists call a ‘first mover advantage’. If a business or organisation is the only one in an area offering unusually favourable employment terms, it will attract many recruits. If all employers are mandated to provide the same terms, as unions such as UNISON want, the

37 However, were doctors or nurses, for example, to work shorter weeks, more would need to be employed to make up the shortfall in hours: we cannot reasonably expect their productivity – which depends on individual human contact – to increase proportionately. With existing staff shortages in the National Health Service (NHS), this would be a significant challenge.

38 Juliet Schor, ‘We’re predisposed to not believing this 4-day week trial’, Adam Smith Institute (<https://www.adamsmith.org/blog/were-predisposed-to-not-believing-this-4-day-week-trial>).

attractiveness of a particular employer evaporates as workers now take the enhanced terms as a given³⁹.

There is a particular danger that, South Cambridgeshire having established an ostensibly successful transition to a four-day week, any other council or public body that does not agree to doing the same will find its position challenged at an employment tribunal. A successful tribunal claim could lead to the imposition of four-day weeks across the public sector as a whole. This danger has led Communities Secretary Steve Reed to warn all English councils not to follow the South Cambridgeshire example: if they do, they may be considered ‘failing’ and liable to takeover by central government⁴⁰.

In the past, reductions in working time have coincided with increases in productivity and real wages. At a time when both have stagnated, the case for continuing the trajectory is flimsy. Nor can the transition be viewed as a one-size-fits-all reform: trial outcomes are uneven and dependent on context.

39 Len Shackleton, ‘A four-day week could be the final nail in our economy’s coffin’, *The Telegraph*, 6 July 2025 (<https://www.telegraph.co.uk/news/2025/07/06/a-four-day-week-could-be-the-final-nail-in-our-economys-cof/>).

40 Ben Riley-Smith, ‘Councils ordered not to adopt four-day week’, *The Telegraph*, 22 December 2025 (<https://www.telegraph.co.uk/politics/2025/12/22/councils-told-not-to-adopt-four-day-week/>).

Parental leave

Another important element in the flexible working agenda is the ability to make arrangements around childbirth to support the new child or children. Limited maternity leave rights were first introduced in the 1970s, and Statutory Maternity Pay has been available since 1987. In 2003 paternity leave came on stream. These rights have gradually been expanded over time, for instance, to cover same-sex couples and adoption as well as childbirth. There is also now a right to take 18 weeks of unpaid parental leave beyond the perinatal period to spend time with children up until the age of 18. The Employment Rights Act has removed the qualifying periods for parental leave as of April 2026.

Parental leave is rather different from the other types of flexible working discussed here, as the focus is partly on the wellbeing of children as well as that of parents. Nevertheless, extension of rights in this area involves changing the employment contract and may incur costs as well as benefits, so it is reasonable to examine them in this context.

The current position

Women have the right to up to 52 weeks of maternity leave (and a legal requirement to take at least two weeks off after the baby or babies are born, at least four weeks if they work in a factory). After this, how many of the 52 weeks are taken is up to the individual mother. Subject to various conditions, mothers may

be entitled to up to 39 weeks of Statutory Maternity Pay, paid by the employer, though largely reimbursed by the government⁴¹. Six weeks of this is at 90% of average pre-birth earnings, with no upper limit; the remaining 33 weeks are at whichever is the lower of the statutory rate (£187.18 in 2025) and 90% of average earnings before taking leave.

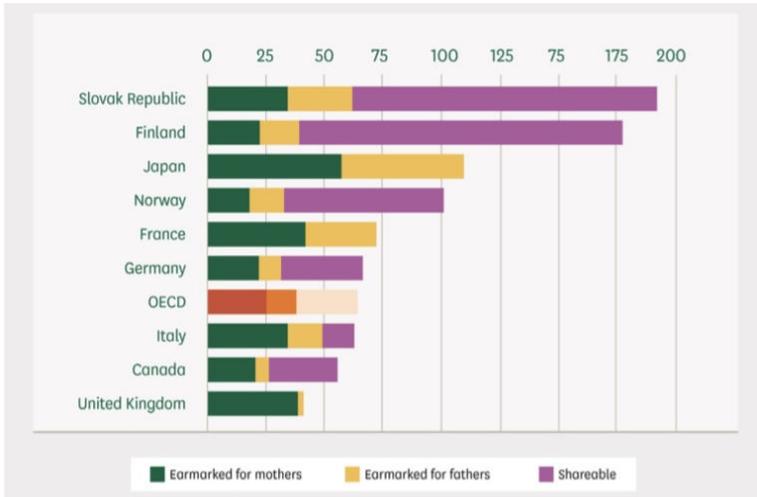
Fathers (or other parents) are only entitled to two weeks' paternity leave, paid at the same statutory rate as women, or 90% of average earnings, whichever is the lower. However, since 2015, couples have been able to share up to 50 weeks of their statutory entitlement. Thus, a woman can give up some of her entitlement, both in time and in pay, to her partner. She could take, say, 30 weeks of her entitlement and return to work earlier, while her partner takes over the rest of the 50 weeks to look after the child or children. This provision has, however, been little used, with critics claiming that it is poorly designed and only likely to benefit a small number of families (Clifton-Sprigg et al. 2025).

These entitlements, though more generous than in the past (and far more generous than in the United States, where many women are not entitled to leave and none are entitled to pay while on leave), are limited when compared with many other European countries. Figure 3 shows one aspect of this, the length of time for which couples are eligible for paid leave⁴².

41 Self-employed women may be entitled to Maternity Allowance, paid by the Department for Work and Pensions.

42 The maternity pay is often much more generous than that in the UK. Most pay more than 50% of average earnings, with many offering much more generous rates – in some cases, 100% for at least part of the period of entitlement (House of Commons Women and Equalities Committee 2025: 5).

Figure 3 Family leave entitlements: duration of earmarked leave and shareable leave entitlements in weeks, 2024



Source: House of Commons Women and Equalities Committee, 2025.

However, some UK women (and men) receive substantial occupational parental pay in addition to their statutory entitlement. A recent study⁴³ finds that 82% of employer respondents offer additional maternity and paternity pay. This is particularly the case in large private firms and in the public sector. Such voluntary provision is typically contingent on various criteria such as degree of seniority, length of time with the employer and the nature of their employment contract, and the extent of top-up thus varies considerably. The proportion of new mothers actually receiving enhanced occupational maternity pay is only around 13% (Department for Business and Trade 2025).

43 Katherine Heffernan, Maternity policies typically provide 19.5 weeks' pay. Incomes Data Research 18 June 2024 (<https://www.incomesdataresearch.co.uk/resources/insights/maternity-policies-typically-provide-19.5-weeks-pay>).

Before the 2024 general election, the Labour Party argued that the current parental leave system does not adequately support working families, and its manifesto promised a ‘full review’, which the government is currently undertaking. Meanwhile, the Employment Rights Act makes a minor change by giving ‘day one rights’ for paternity leave and parental leave (previously an employee had to be with their current employer for a period of time before they could claim leave).

The House of Commons Women and Equalities Committee (2025) has recently published a report setting out recommendations for the planned review to consider. These recommendations include a substantial rise in statutory maternity and paternity pay, which it is hoped will lead to a significant increase in the take-up of leave, particularly among fathers; a longer period of paternity leave to give them more time to get to know their children and share childcare more equally with mothers; reform of the system of shared parental leave, which is arguably currently excessively complicated; and paying attention to the particular needs of the self-employed, single parents, and kinship carers.

Why do we have parental leave?

As with many areas of government regulation and provision, the perceived purpose has changed over time. When a limited amount of leave – at first completely unpaid – was introduced in the Employment Protection Act 1975, it was to stop employers dismissing women for pregnancy or childbirth and was part of a package of employment regulation which introduced the concept of unfair dismissal into employment law. There was also concern for maternal and newborn health. Later on, the idea of mothers spending early months with their children free

from extreme financial pressure was stressed, together with the benefit to the economy of keeping new mothers' jobs open for them to return. Otherwise, women might drop out of the workforce permanently or – especially as women become more highly educated and have a career trajectory – might have to take a lower-paid job that underuses their skills. More recently the case has been framed in terms of career continuity tending to reduce the gender pay gap, which has been a policy objective for successive governments. The decline in birth rates has also seen parental leave represented as a pro-natalist policy (Corfe and Bhattacharya 2021). Furthermore, gradual changes in expectations about gender roles has led both women and men to want fathers to be more involved in childcare, and pressure for increased paternity leave and paternity pay has increased. Feminist groups such as the Fawcett Society and Pregnant Then Screwed have pressed for greater use of shared parental leave and called for cultural change amongst both employers and fathers⁴⁴. Another group, the Fatherhood Institute, campaigns for fathers to have six weeks of mandatory leave of their own, not at the expense of some of the mothers' leave.

The impact of parental leave

There has been an explosion of studies on the impact of maternity leave in many different countries since the turn of the century. There are, according to a review by Canaan et al. (2022), a number of consistent findings. One is that the introduction of

44 Interestingly, although the Women and Equalities Committee report refers to 'working class households and communities' being more likely to adhere to 'traditional roles and families' and therefore being in need of change, differences between ethnic communities are not mentioned. See House of Commons Women and Equalities Committee (2025: 26).

short maternity leave benefits the health of both mothers and children and also mothers' labour market outcomes, as they are more likely to return to a career track. Another finding, however, is that there are negligible health benefits or long-term schooling outcomes for children from extending maternity leave beyond six months. Furthermore, there is some evidence (Schonberg and Ludsteck 2014) that an extended period of leave may worsen mothers' longer-term labour market prospects, as women lose touch with work and may miss out on promotion opportunities. Where this is the case, the gender pay gap will not be reduced.

The relatively sparse literature on the effect of earmarked paternity leave in countries where extended periods are available suggests that they are effective in increasing fathers' leave-taking and involvement in childcare. However, this also appears to have little impact on the gender pay gap.

The effect of leave arrangements on businesses has also been explored. Although firms usually manage to adjust to worker absence by hiring new temporary employees or by moving responsibilities within the existing workforce, the process may sometimes be quite costly (Canaan et al. 2022: 28). In the UK, employers cannot ask when or if mothers are intending to return, which means that there is an element of uncertainty which makes offering substitutes temporary contracts or upgrades difficult. Where the shared leave scheme is implemented, there needs to be coordination with two employers, and this may create problems. If an external substitute has to be brought in to cover for a mother on leave, there may be a limited number of possible applicants. When in post, these replacements may already be looking for new, more permanent opportunities and may leave before the mothers' return.

In organisations such as the Civil Service or large private employers such as Aviva, Barclays or Marks and Spencer, with hundreds or thousands of parents taking leave each year, such arrangements can be planned for and routinised: they are unlikely to be of major concern. However, for small businesses, the absence of a key member of staff may be more problematic. Despite laws that are supposed to prevent this, the potential for discrimination against women of childbearing age in recruitment and promotion may be exacerbated by mandatory leave requirements (such as shared leave provision) that are not designed with small businesses in mind. Making leave a Day One right in the Employment Rights Act may increase concern over hiring.

The confused rationale for parental leave, the difficulties it can create for smaller businesses and the uncertain effects on women's future careers suggest that proposals for further expansion of provision in this area should be treated with caution.

The costs of flexibility

More generally, much of the discussion of flexible working downplays the extra costs that can be associated with businesses accommodating flexibility. The high rate of acceptance of requests for flexible working is often assumed to reflect low or non-existent costs to the employer. However, this may be misleading. As suggested earlier, employers may often acquiesce if they feel that a rejected application might lead to an appeal followed by an employment tribunal – particularly if an applicant has a protected characteristic and might plausibly claim that a rejection is discriminatory. In the heavily unionised public sector employers may be particularly wary. But even if such a threat is unlikely, managers may agree simply because they do not want to damage relations with an employee, even if this creates difficulties.

The process of considering an application can itself take time and incur associated costs. In its Impact Assessment for the right to request flexibility from Day One, the Department for Business and Trade (2023) ignored the actual costs of changed working methods and concentrated solely on the administrative process of making a request. Their assumption was that an ‘HR professional’, paid £34.05 per hour, would spend just half an hour considering a request – producing a ‘unit cost’ of processing an application of just £17.03 (in 2023 money). The costing was based on a similar estimate for leave applications. This surely misunderstands the process of considering a request for flexible working and probably considerably underestimates the time cost of an application. It seems implausible that an HR professional of middle or junior rank would be able to take such a decision

by themselves, without consulting line managers and others, including union representatives where appropriate. Such a decision could have considerable consequences, especially for smaller businesses.

The recent extension of the right to request to Day One applicants makes the decision process more difficult. Whereas previously managers considering a request would necessarily have had at least six months' experience of the applicant's performance and reliability, a decision on the application of a new starter at a job who immediately requests working from home or compressed hours is problematic. An Oxford Economics (2014) study estimated that it takes between 10 and 60 weeks (depending on the sector, the size of the firm and the employee's previous experience) for a new employee to reach optimal productivity. For much of that period new employees are a net cost to an organisation, as they have to pick up all sorts of information and experience during their early weeks and months and can add little to output. Without seeing how new starters shape up during this period, a decision to allow them to enjoy flexible working is a gamble that could prove very expensive. Reversing a flexible working arrangement would be difficult to achieve without creating a tribunal case.

Even if we were to assume that all such gambles are successful, there are obvious cases where flexible working will inevitably increase employer costs. Take, for instance, the case of a job-share. Such an arrangement involves matching up two individuals with different experiences, temperaments and needs in such a way that the job is done consistently and without hold-ups. Colleagues need to know how responsibilities move seamlessly from one job-sharer to the other. Achieving such a satisfactory solution requires considerable effort on the part of the sharers' line managers and colleagues. But even having

achieved this, there are extra costs involved in two people doing what would otherwise be done by one person. For example, each individual in the job-share will create separate payroll, training and appraisal costs.

‘Termtime-only’ arrangements will create extra costs for the periods of school holidays when the jobholder is not available. It is unlikely that a ‘holidays only’ post can be created to match up exactly, so either work gets delayed (or in public-facing roles, services are reduced) or else somebody else in the team has to cover. This may involve paying overtime or knock-on effects in extra leave to compensate.

Again, in public-facing roles where a service has to be available five days a week, a compressed four-day week for some workers will mean that somebody else has to be hired to cover the ‘missing’ day, or else services have to be curtailed.

The point is not that we should discourage flexible working but that it is wishful thinking to assume that there are no costs to such arrangements. And if there are costs, there are likely to be consequences.

How markets adjust

If there are net costs to requiring businesses to offer flexible working, these costs will initially fall on the employer. However, businesses will always attempt to pass the costs on. If possible, they will pass them on to consumers in the form of higher prices – but unless demand is extremely inelastic, this means loss of sales and reduced employment opportunities. Alternatively, they may attempt to pass costs on to employees by reducing wages – by not compensating for inflation and offering lower wage increases than would have been the case otherwise. This is what the Institute for Fiscal Studies (IFS) says:

Based on the empirical evidence on the impacts of previous reforms of this kind, we would generally expect much, and potentially close to all, of the cost of the benefit to be passed through to lower wages ... these policies are not a free lunch for workers. (Cribb et al. 2024: 6)

Or, perhaps especially in the case of minimum wage workers, adjustment may take the form of downgrading other aspects of the employment package, for instance by reducing overtime pay or (for example, in the case of supermarkets) cutting staff discounts.

In the longer term, if employing people raises costs, there will be an incentive for businesses to substitute capital for labour. Or they may seek higher productivity by increasing surveillance of workers and setting higher output targets. We might see a return to piece rates – payment for output rather than time. When home working was common in the days before large factories,

the 'putting out' system was based on piece rates – time rates only became common in factories and offices where employees could easily be monitored and disciplined.

Another possible longer-term reaction of firms to Day One rights is a move towards greater use of temporary employment contracts, which would enable employers to get a longer period to observe performance before committing to a permanent contract. In the UK in 2023 only 5.8% of employees were on temporary contracts. In European countries where employment regulation has been much tighter than in the UK, temporary contracts are far more common, increasing insecurity for employees, who have often been strung out by employers on successive such contracts. In Spain 19.4%, in Portugal 17.7%, in Italy 17.5% and in France 16.5% were in temporary employment in 2023. If the UK were to drift towards continental levels of temporary employment, few would regard this as an attractive move.

We might also expect pay structures and relativities to change. Economists argue that what determines people's choice of job is not just the pay but the 'net advantage' associated with the job. For a particular level of skill, people will want higher pay – a 'compensating differential' – if a job is particularly stressful or demanding compared with one involving less hassle and responsibility.

If only some people can gain from these benefits, they will be advantaged relative to others. As this becomes more obvious, you will need to pay more to those who do not benefit to compensate them if you are to keep staff. Thus if, as mentioned earlier, the bonus of working at home is valued at 5% of pay, those who cannot work at home will eventually have to be compensated by higher pay. Otherwise there will be a shortage of people working in transport or personal services or entertainment.

And traditional differentials will erode. For example, it is well established that there has been a premium for commuting – employers needed to pay people more to attract them to travel a considerable distance to work⁴⁵. But with increased working from home, the need for that differential is eroded. It will be eroded further by growing competition as people from further afield are attracted to jobs⁴⁶.

It is argued that this has indeed happened already. De Fraja et al. (2025) claim that workers in jobs where they could work from home experienced between 2 and 7% lower wage growth post-pandemic than those who could not work remotely.

But such an adjustment may be difficult where relativities are fixed, as will be the case if powerful unions – particularly in the public sector – demand that relativities between jobs are sacrosanct, with members always compensated for inflation and obtaining real pay increases over time. Here the labour market will not work well, and employment may fall.

45 For example, Mulalic et al. (2014) found that a 1 km increase in commuting distance was associated with a 0.15% increase in pay.

46 There is already some casual evidence that this process is occurring. <https://figures.hr/post/should-remote-workers-be-paid-less>

What about flexibility for employers?

Improving working conditions for employees may be a legitimate goal of public policy, but as we have suggested, it can entail costs which fall on employees as well as employers. More generally, we need to consider this goal alongside other objectives, such as generating high levels of employment, increasing productivity and faster economic growth.

Until recently, when economists and politicians talked about ‘flexibility’, they had in mind the ability of the labour market to adapt to changes in product demand, technology and the global economy without high levels of unemployment and sluggish response to innovation. In this view, supported by large cross-country studies (for example, Caballero et al. 2013; OECD 2016), countries which had tight employment protection rules were slower to adjust to shocks and faced higher unemployment and slower growth than those with more flexible arrangements.

The UK has been more flexible in this respect than most continental European economies, with job protection more limited and kicking in later than many of its competitors. This flexibility has been held to be responsible for unemployment rising less and recovery being faster in the Great Recession of 2008-2009 (Herz and van Rens 2018). The UK has also, since the reforms of Margaret Thatcher and John Major, been less subject to the influence of trade unions, which in most EU countries have, as ‘social partners’, considerable sway both on employment policy and its implementation.

These advantages are arguably now being undermined by the Employment Rights Act, which gives earlier unfair dismissal rights, restricts the use of zero-hours contracts and gives trade unions greater powers in recruitment and in calling strike action (Shackleton 2025). The substantial increase in the National Living Wage and its spread to younger workers mean that an ever-larger proportion of the workforce has its pay determined directly by the state rather than by the forces of supply and demand⁴⁷.

It is possible that by introducing what is likely to amount over time to a default right for employees to work flexibly, the government is at the same time reducing the other sense of flexibility, the ability of employers to respond quickly to change.

Widespread home working, for example, may make it more difficult to communicate the need for changes in work patterns and coordination between different groups. Flexitime arrangements, four-day working and job-shares may require complicated negotiations to reset if the need for particular availability changes because of consumer reactions or other market shifts. If disconnection outside standard working hours becomes a *de facto* right or expectation, communication with other workers within and outside an organisation, particularly those in different time zones, may be less rapid, and business could be delayed or lost.

⁴⁷ In the early 2000s, around half a million jobs were paid at the minimum wage; this is now around 1.9 million, or 6.5% of all jobs (Francis-Devine 2025).

Conclusion

Flexible working, in its many forms, is well established. There is no doubt that it often brings benefits to employees that they value. However, it may have knock-on consequences, which are not so welcome. It is rarely a completely free good – for if it were, employers would offer it without cajoling from government. Where it has significant costs, there are clearly consequences for pay and employment.

Where decisions are left to employers and employees to reach mutual arrangements, these consequences can be discussed and weighed up. If this leads to a movement towards greater flexibility, this can be applauded. But if some forms of flexibility are inappropriate to a particular sector or organisation, legal compulsion and tribunal penalties are neither necessary nor desirable. Mandatory flexibility is an oxymoron.

Advocacy of flexible working from trade unions, single-issue pressure groups and HR professionals can be expected to continue. For example, the TUC wants ‘the introduction of a legal duty on employers to consider which flexible working arrangements are available in a role and publish these in job advertisements’ (House of Lords 2025: 58)⁴⁸. Another suggestion is ‘the use of flexible working clauses in public procurement or

48 As only perhaps a quarter of job vacancies are formally advertised, this would require a rather fundamental change in recruitment practices, with consequences which the TUC does not have appear to have considered.

government-funded projects⁴⁹. Suggestions like this need to be looked at critically, for such advocacy rarely looks beyond the immediate appeal of its proposals to consider wider labour market consequences.

A rearrangement of contracts to accommodate a desire for flexible working can be, as we have seen, equivalent to a significant pay increase. Because some types of flexible working are not going to be available to some groups of workers, pay adjustments will need to occur in order for supply and demand to be brought back into balance. Frictions that prevent this adjustment will damage productivity and growth. Moreover a 'pay increase' that is not clearly justified by a productivity increase is always problematic. At a time when the economy is stagnating, the focus needs to be on improving its responsiveness to external factors, not simply to the wishes of employees⁵⁰.

This particularly needs emphasising in relation to the public sector. The private sector may be able to mitigate problems arising from changing work arrangements by, for example, using temporary contracts or agency workers or outsourcing tasks (although its ability to do so is subject to increasing restrictions). But the public sector – which rewards conformity and procedure rather than innovation and initiative and is too often constrained by trade union intransigence – rarely does so, and the customer suffers. Four-day weeks in the passport office or council offices, which do not answer urgent phone calls because home workers

49 Proposed by Professor Almudena Sevilla (House of Lords 2025: 47). Such a proposal, like some other non-core requirements associated with government contracts, would tend to discriminate against smaller businesses.

50 It may anyway be that, as unemployment rises, this imperative will become more apparent, and employees may become more conscious of the need to retain their jobs rather than change the terms on which they are employed.

are collecting Amazon parcels, are unlikely to boost the sector's abysmal productivity record.

There is a constant temptation for policymakers to use employment mandates to pursue social objectives because this has little apparent cost to the taxpayer – an important consideration when the fiscal deficit is a concern on everybody's mind. But there can be very real costs if the government imposes changes to the form of the employment contract. And they need to be much more carefully considered against the claimed benefits of such policies.

We are certainly not in a position to evaluate the benefits and costs of particular working arrangements across the board. But neither are politicians and civil servants, ignorant as they necessarily are of the 'particular circumstances of time and place' (Hayek 1945: 521) which should determine work arrangements. Evaluations need to be done by employers and employees who better understand the circumstances of each individual family, business or organisation. Government should not put its clumsy finger on the scales.

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