ReWAGE

The future of flexible working

ReWAGE Policy Brief

Introduction

This policy brief focuses on working time and places of work as key aspects of the future of flexible working. It considers how work organisation, including the time structure, intensity, and location of work, can be managed and developed in the post-pandemic period in ways that meet the needs of both employers and employees across diverse sectors and workplaces.

Identifying potential for new ways of working is, of course, only a starting point. There are major sectoral differences in demand patterns and the nature of work that influence employers' staffing needs. Likewise there are also differences among employees in their focus on, for example, maintaining or increasing income versus achieving working arrangements that are more sustainable and compatible with family commitments.

Finding new compromises on working arrangements to meet both employer and employee interests is therefore challenging and there is also the key issue of how such compromises could be brought into effect. For example, should arrangements be individually tailored or require more general and collectively agreed new ways of working; and what is the role of public policy in developing, supporting or mandating change.

Why does the future of flexible working need to be addressed now?

The Covid-19 pandemic 'let the genie out of the bottle' in terms of remote working – employers were compelled to introduce wide-spread homeworking and found that many of the objections they previously had to homeworking did not hold true. Because of that we cannot expect these changes to be reversed. However there are many issues about managing remote working that need to be resolved. In addition, the majority of work cannot be done remotely and flexible working for in-person workers has often been employer-driven and not designed to meet employee needs. This paper also highlights a corresponding rise in inequality in social class as the new opportunities for remote working are more often available to those in higher level jobs.

A better approach to flexibility would facilitate more inclusion in the workplace, which in turn promotes a more sustainable and productive society. Flexible working can contribute to well-being and accommodate parenting arrangements. It is a useful tool for reversing trends in inactivity and withdrawal from the labour market and it can facilitate more recruitment and retention of female, older or disabled workers. This could help reduce labour shortages for employers and support the public policy aims of achieving high employment rates and longer working lives.

Differential impacts of the changing location of work

Flexible working has had different impacts depending on the type of arrangement and the characteristics of the worker.

Spatial flexible working offers some workers greater autonomy, particularly amongst those who are well paid and especially if the arrangements are voluntary. However, any pay premium tends to favour older, better educated and higher paid men.

Women are more likely to homework in order to manage caring responsibilities, often in exchange for lower incomes (reinforcing the gender pay gap) and experience conflicting demands on their time. Workers with disabilities face similar wage gaps wherever they work and the career progression of disabled workers, women, unpaid carers and the lower paid can be inhibited by working off site as they risk becoming 'invisible' to senior managers.

The work / life balance can also become compromised with flexible working engendering a culture of being 'always on'. The UK is behind many other areas of Europe in putting in measures to prevent this. France was the first European country to introduce legislation on the 'right to disconnect', and since January 2017, France has legally required employers to negotiate agreements with unions for a right to disconnect from technology after working hours. In the UK, many younger workers and low-paid workers who work from home experience greater employer control, and there is increasing evidence of use of surveillance that may be intrusive (such as not being allowed to leave your desk or eat at your desk etc.)

Working time and flexibility options for those not working remotely

Less than 20% of manufacturing, health and social work, wholesale and retail trade, transportation and storage, other services, construction, accommodation and food services use or plan to use remote working. Working time in these sectors is often driven by diverse and variable demand patterns that cause challenges for workers – for example, not only do they face variable hours and income and interference between work and family or personal life but they may also experience unproductive unpaid time gaps or too long or too intense working hours.

There is a need to mitigate negative effects of employer-driven one-sided flexibility. This may require mandated change through legislation.

Legislative options open to mitigate risks of employer-driven flexibility

Notice periods for work schedule
Minimum shift lengths
Maximum working hours
Upgrading of contractual hours to actual hours
Measures against unpaid working time
Payment for on call
Flexible working as default
Right to disconnect
Overtime premiums
Casual work premium

All the options listed have been adopted in some form or another in other jurisdictions. The OECD places the UK in a class of its own amongst 33 countries as the one not regulating working time at all, which makes us an outlier in this area. Since Brexit, the EU has brought in several regulations on working time that we are excluded from having to implement– for example, the upgrading of contracted hours to actual average hours, payments for on call work and preparations for implementing the 'right to disconnect'. In the UK Royal Assent has been given to a Flexible Working Bill that strengthens the right to request flexible working and allows requests from day one of employment, instead of after six months. Another private member's bill has gained government support and this will introduce a new right to request more predictable hours (but only after 6 months employment so it won't benefit those seeking to enter or move around in the labour force). However, both these bills are still based only on a right to request and there are no rights to work flexibly or on predictable hours.

Beyond these possible legislative changes, there is a need to identify alternative, more employee-friendly flexible arrangements that could constitute a compromise between employer and employee interests implemented through collective bargaining or employer voluntary action. The first three arrangements provide greater employee control over scheduling and these have the most take up. Less common in the UK are the arrangements to allow extra hours or overtime to be banked and used for personal time later. Likewise shorter or compressed work weeks have been relatively uncommon in the UK but there was a recent voluntary pilot of four day working by a range of employers in the UK. Take up of options could increase if employers who are in the process of regularising remote working for some staff were encouraged to offer new flexible opportunities to staff who still need to be present in the workplace.

Types of alternative working time arrangements with some employee control adjustment to employee needs

Flexitime
Staggered starts and finish
Employee-led scheduling
Time banking
Annualised hours
Four-day work week – or compressed work weeks
Six hours day

Benefits and potential problems

For employers the growth of part time and flexible working in the UK can also lead to benefits such as more committed staff, better recruitment and retention and less absenteeism and the opportunity to cover peak times without incurring overtime costs.

For employees benefits can include more opportunities to combine work with other life commitments, reduced commuting time and access to more leisure time – either consolidated or per day.

However, there will be challenges for employers in implementing and managing changes, particularly where there are problems in predicting demand and ensuring sufficient staff cover. While employee involvement in scheduling can facilitate implementation, this cannot overcome real problems of staff shortage.

Many employers will be under pressure to implement flexible working, but progress may be slow as changes are reliant on voluntary action due to low unionisation and low collective bargaining. Whatever changes are implemented, a more egalitarian approach needs to be taken to improve the working lives of all, including those who cannot work in hybrid / flexible ways, and by doing so close the gap between those able to work remotely and those that must turn up for work in-person.

Conclusions: towards a new approach to flexible working

Three key issues need addressing:

   i)   Remote working has had many benefits but there are still many risks and problems that need to be resolved.

  ii)   In-person workers pre, during and post pandemic face many risks and challenges from employer-driven flexibility.

 iii)   There are risks of widening inequalities in flexible working options by social class.

The aims should be to improve well-being and quality of life for all through:

   • promoting a sustainable, productive, inclusive employment system

   • allowing better accommodation of parenting (thereby aiding gender equality) and more opportunities for those not able to sustain current employment demands

An inclusive approach to flexible working must address four core issues:

   • *predictability* – to enable workers to plan when, where and for how long they work, thereby reducing stress;

   • *avoidance of hours of work which are too short and/or too variable* – unless specifically requested;

   • *avoidance of working time which is either too long or never ending* – as a counter to the 'always on' culture and as a means of maintaining work-life balance;

   • *facilitating sustainable and respectful employment* – by enabling adjustments to be made over the life course according to changing personal circumstances and by ensuring the right to private life and non-invasive surveillance.

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This paper represents the views of the authors based on the available research. It is not intended to represent the views of all <u>ReWAGE members</u>.

About ReWAGE

ReWAGE is an independent expert advisory group modelled on SAGE that is co-chaired by the Universities of Warwick and Leeds. It analyses the latest work and employment research to advise the government on addressing the challenges facing the UK's productivity and prosperity, such as Covid-19, the cost-of-living crisis and labour shortages.

For more information visit: https://warwick.ac.uk/fac/soc/ier/rewage/