

Work Shift

UK Remote Workers Sacrifice Pay For Flexibility, Study Says

- Report shows benefits outweigh wage penalty for hybrid workers
- UK staff would give up 8.2% of pay to work from home 2-3 days

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Hybrid work has lifestyle benefits for those who can do it – and financial benefits for those who can't.

A new study found that remote workers in the UK sacrificed pay growth in the first two years after the Covid-19 pandemic, while in-person staff saw bigger gains to compensate for the lack of WFH benefits.

Those who could work from home for a few days a week saw wages grow 2% to 7% slower than other occupations – a “significant remote work wage penalty,” according to a paper led by economists from the [University of Nottingham](#), the [University of Sheffield](#), and [King's College London](#).

For many, the ability to work from home is in itself a substantial job benefit, like access to free child care or a company car. The researchers found that the non-salary advantages of working remotely outweighed the relatively lower wage gains. For non-remote employees, the researchers calculated that the salary boost more than compensated for having to work in person every day.

The findings were based on an analysis of official wage figures from January 2018 to December 2019 and from September 2021 to December 2023 along with IJK data from the Survey of Working

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Arrangements and Attitudes, which started asking 1,800 adults questions about their working arrangements and preferences in 2019.

This study, one of the few that analyze the joint impact of WFH on wages for remote and non-remote workers, comes as loosening labor markets open the door for companies to renew their RTO push. PwC UK recently mandated three days in the office, while Amazon ordered everyone back in five days a week.

Inequality

Working from home appears to cater to society's most advantaged groups. Better educated, higher earners are more likely to work in consulting, software programming, or other jobs that don't require their in-person presence every day, the study found. And those living in larger houses further away from the city are both more able and more willing to work from home.

“There are arguments suggesting companies should encourage or even mandate that their workers should come back into the office, and you might argue that if working from home increases inequality it gives a further argument for doing that,” Paul Mizen, vice dean at King's Business School, King's College, London, said in an interview. “Our research shows that it doesn't increase inequality so you can't use this as a reason to get people back in the office.”

When looking at total compensation, taking into account both wages and in-kind WFH benefits, researchers found hybrid working did not widen inequalities between in-person and remote workers. In fact, it had no effect on the gap.

“The shift to remote work has resulted in no significant change in overall inequality, but rather a substantial increase in average compensation across the board,” the authors wrote.

Read more: [UK Household Inequality Declined By Most in 12 Years, ONS Finds](#)

Cost of RTO

Flexible working is back at the top of the UK political agenda. All eyes are on the [Labour Party](#)’s plans to overhaul employment laws which includes proposals to expand flexible working arrangements, one of Prime Minister Keir Starmer’s key promises to voters.

The survey asked how much it costs Britons to go to the office, taking into account transport costs, as well as spending on things like lunches, coffee or work clothes. On average, people would sacrifice 8.2% of their income for the option to stay home for two or three days a week, the study found.

Women, young workers and those with more demanding commutes were more willing to pay to work from home.

“Remote working benefits are higher among advantaged groups,” the paper said. “The ability to work remotely is unequally distributed, and so is the extent to which individuals value it.”

London lags behind other major cities like Paris, Singapore or New York when it comes to working in the office, mainly due to the cost and length of commuting. Over 40% of London workers, who spend little more than half the week in the office, cited reduced travel costs as a perk of working from home, compared to an average of 34% across all cities, according to a study from the Centre for Cities.

Read more: [London Workers Are in the Office Just Half the Week, Study Finds](#)

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