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# The **future** **of work**

in Latin America  
and the Caribbean





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# 1 | Introduction

**Teleworking and other flexible work<sup>i</sup> arrangements have been part of the global conversation for more than 20 years.** These agreements between companies and workers provide greater leeway in defining key aspects of work, such as work hours or the location where tasks are performed. However, **prior to the pandemic, only a few countries in Latin America and the Caribbean had adopted national laws regulating telework, such as Brazil, Colombia, Costa Rica and Peru.** In addition, very few countries had implemented other forms of flexible work arrangements, such as the possibility of accumulating work hours (banked hours), working longer hours on certain days to reduce the workweek (compressed work week) or averaging work hours over periods longer than a week (work cycling). The discussion of [experiments to reduce the workweek<sup>1</sup>](#) to four days instead of five, so prevalent today, was a long way off for the region.

The COVID-19 pandemic marked a turning point in the way a significant number of workers and companies around the world work, and was an accelerator of regulatory changes. **Today, the vast majority of Latin American and Caribbean countries have telework laws, and several are promoting reforms that include other flexible work arrangements.** Indeed, today we can speak of a new wave of time flexibility in the workplace.

Flexible work arrangements can contribute to increasing labor productivity and the well-being

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**The COVID-19 pandemic marked a turning point in the way we work. Most countries in Latin America and the Caribbean now have laws to protect teleworking**

of workers<sup>2</sup>. However, their proliferation could be generating new - or accentuating old - inequalities in the region's labor markets.

A recent survey of large Latin American and Caribbean companies and their workers conducted for this report showed that 7 out of 10 companies consulted use some type of flexible work arrangements, mainly driven by the pandemic. From the same survey (see methodological specifications in Box 3), several interesting results can be identified:

(I) There is a positive impact of the effects of flexibility on company productivity and worker welfare.

(II) The advantages of flexibility are not homogeneous for workers. The use of flexible work arrangements is concentrated among workers in occupations that require sophisticated skills, with permanent and formal contracts, with greater access to connectivity at home, with jobs that have less manual or physical activities, and with

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<sup>i</sup> In the figures and tables of this report, the acronym FWA will be used to refer to flexible work arrangements.





less workload at home (or, in other words, workers without school-aged children). This result is consistent with the results of [this study](#)<sup>3</sup>, which shows that women with higher levels of education and better economic status value flexible work arrangements more (for other women, flexibility appears to be a luxury).

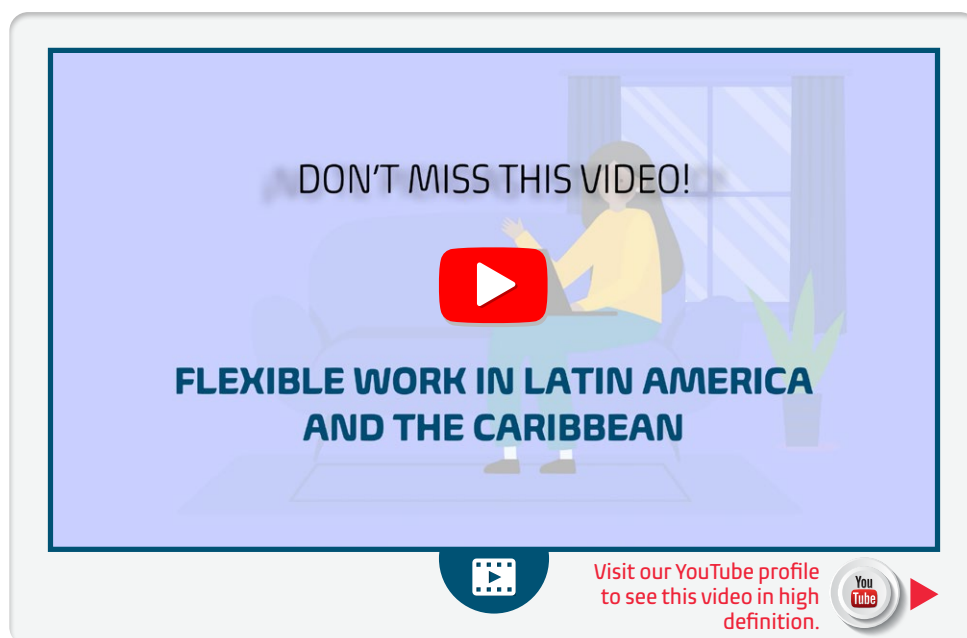
(III) For companies, their use is limited mainly by their incompatibility with production processes and labor legislation.

Many questions arise around this new reality:

- What is meant by flexible work arrangements?
- How has the regulation and use of these arrangements evolved in the world and in our region?

- What do employers and workers in Latin America and the Caribbean think about the use of these work arrangements during the pandemic and their future prospects?
- What effect do flexible work arrangements have on firm productivity and worker welfare in the region? Do they have implications for inequality?
- How can we move towards more modern and flexible labor regulations that guarantee workers' rights, improve their welfare and at the same time promote the productivity of companies and their employees?

In this tenth installment of the Inter-American Development Bank's (IDB) [Future of Work in Latin America and the Caribbean](#) series, we attempt to answer some of these questions.





## 2 | Why this?

More than half of the workers in Latin America and the Caribbean are informal<sup>4</sup>. In addition to not contributing to social security systems and having no labor protection, people who work informally do not have a contract with a defined workday, a living wage, labor benefits, paid vacations, health insurance and protection against other risks. This is explained by a combination of factors, including low government oversight capacity and [high labor costs](#)<sup>5</sup>, which are not commensurate with the productivity of a [low-skilled workforce](#)<sup>6</sup>.

Labor informality has led to the concept of flexibility being associated with labor precariousness. On this basis, flexibility may be understood as a way of reducing labor costs for companies at the expense of labor benefits and workers' access to social security and health insurance. In the most extreme position, flexibility is associated with deregulation. This is not the flexibility on which this report focuses.

### AUDIO 1 IS IT POSSIBLE TO REGULATE FLEXIBLE WORK IN THE INFORMAL SECTOR?

Verónica Alaimo, Specialist in the Labor Markets Division of the IDB, explains the effects that adequate flexible work regulation can have on the informal sector.



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## So what do we mean by flexible work?

Although there is no single definition of the concept of flexible work, there is consensus that **flexibility implies modification of the traditional work structure of the salaried worker**.

In order to better understand the scope of the flexibilities referred to in this note, it is necessary to start from the premise that there are different types or dimensions that are usually observed in the labor market<sup>7</sup> (Figure 1). Not all of them tend toward precariousness if appropriate policies are

adopted. One of these dimensions is distinguishing between internal and external flexibility. While external flexibility is the possibility of increasing or decreasing the number of jobs without major costs to the employer or regulatory hurdles, internal flexibility allows changes in the work day and its distribution, as well as in the place of work. A clear example is flexible work arrangements. This is the focus of this installment of [The Future of Work in Latin America and the Caribbean](#) series.



# What are flexible work arrangements?

**Flexible work arrangements are agreements between companies and workers that allow greater leeway in defining the length of the work day, its organization and the place where tasks are performed.** While they are generally agreed upon in collective bargaining agreements or compa-

ny-level agreements or regulations, as well as in isolated individual contracts, they require legal frameworks to enable them. **Examples of such work arrangements include [teleworking](#), flex time, banked hours, compressed work weeks, part-time work and job sharing.**

## DO YOU KNOW THE FLEXIBLE WORK ARRANGEMENTS?

### FLEX TIME

Allows workers to choose the start and end time of the workday within certain parameters set by the company. Instead of entering at 9am and leaving at 5pm, the idea is to have staggered schedules that allow workers to enter and leave at different times.

### BANKED HOURS

This is a variant of flex time. It allows workers to accumulate credits or debits of hours worked over a period of several months, provided that certain limits are respected. Hours worked in excess can be compensated with paid time off or used to increase vacation days.

### COMPRESSED WORK WEEK

In this type, the same weekly hours are worked in fewer days per week (in longer daily shifts). Thus, instead of working 8 hours per day for 5 days a week and resting 2, this regime allows working 4 days of 10 hours and resting 3. This system is called “4x3” and is the most well known.

### WEEKLY WORK CYCLES

Work cycling allows work hours to be averaged over periods longer than a week. In the traditional system, maximum work hours (40, 45, or 48 hours depending on the country) are measured on a weekly basis (in addition to the daily limit). Thus, for example, in countries where the weekly limit is 48 hours, working 56-40 and 48 hours is a feasible plan since the total of 144 averages the 48 hours in the cycle.

### PART-TIME WORK

Work that has a duration less than full-time. The best known is part-time work, where a fixed number of work hours is established (for example, 4 hours per day). However, part-time work can be organized in different ways. For example, working full time (8 hours) some days a week and not working the rest or even agreeing on a package of variable hours.

### JOB SHARING

This is the alternative that allows a full-time job to be shared between two workers. This involves reducing work hours in order to share them between a larger number of workers.

### TELEWORK

Performing tasks from a place other than the employer’s office, using information and communication technologies (ICT). If there is no use of ICT, it is referred to as remote work.

### SMART WORKING

This refers to the possibility of deciding not only where to work, but also when to work (flexible work hours). In the [5th installment of the series The Future of Work in Latin America and the Caribbean](#) we explore this topic.







FIGURE 1. TYPES OF FLEXIBILITY ASSOCIATED WITH EMPLOYER-WORKER RELATIONSHIPS

TYPE OF FLEXIBILITY	STRATEGIC FOCUS	
	INTERNAL	EXTERNAL
Volume of work	<b>Flexibility of work time</b> E.g. flex time, banked hours, compressed work week	<b>Numerical flexibility</b> E.g. Layoffs, temporary contracts
Organization of work	<b>Functional flexibility or versatility</b> E.g. Employees fulfill different roles within a company  Currently associated with internal labor restructuring	<b>Outsourcing</b> E.g. Subcontracting

Source: Prepared by the authors based on [Grenier, Giles and Bélanger \(1997\)](#).

## Arrangements to Benefit Employers and Workers

Flexible work arrangements arise from a combination of factors. As will be discussed in detail in the next section, **in some European countries flexible work arrangements arose to enable people with family responsibilities to balance family and work. In others, as a response to a need for companies** to adapt to production changes and the requirements of a globalized economy. Today, the efficient organization of work time is one of the main objectives of companies with the implementation of flexible work arrangements.

In addition, there is growing evidence that **new generations of workers are choosing flexibility as a lifestyle where well-being is not only associated with having a sufficient income but also with being able to choose where and how to**

**work**<sup>8</sup>. The latter is possible thanks to technological advances: the expansion of access to computers, smartphones, internet, social networks and media, coupled with the possibility of working in the cloud, allows the same (or new) jobs to be performed at flexible times or asynchronously.

However, **with the exception of teleworking, these work types are poorly regulated in the region and are not available to all workers**. Although many people work in jobs with flexible work hours, the fact is that many occupations still require complete attendance. Other occupations require shifts, such as those related to customer service or production processes that require maintaining a stable number of workers on site.



Thus, it is necessary to create regulations that respond to these new possibilities and demands, and that establish an acceptable balance between companies and workers. **Good regulations will take into account both the need to protect workers in their negotiations with employers and the productive needs of companies<sup>9</sup>.** In addition, [labor regulations must be part](#)

[of a societal transformation](#) in which labor and non-labor responsibilities are shared equally between women and men. In other words, flexibility in the workplace should allow men and women alike to reconcile work and home responsibilities and have equal access to employment. To this end, there must also be shared responsibility in the home<sup>10</sup>.

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**New generations of workers are choosing flexibility as a lifestyle where well-being is not only associated with having a sufficient income but also with being able to choose where and how to work**





## 3 | What's up?

Flexible work arrangements began to be developed in Europe in the late '90s. **Finland is the pioneer in regulating and promoting flexible work arrangements**, introducing flexible work arrangements in 1996 with a focus on improving work-life balance. [Northern Ireland](#) in 2003 and then the whole [United Kingdom](#) and New Zealand in 2007 introduced flexible work arrangements in their labor regulations, limiting them to workers with family responsibilities.

Thus, **flexible work plans initially arose to promote female labor force participation**, allowing women to combine unpaid care tasks in the home with paid work. However, as mentioned above, this regulatory approach reinforces the traditional division of household burdens where the burden of caregiving tasks falls on women. [There is evidence](#)<sup>11</sup> that shows that this could result in greater segregation of women: those who work in jobs with flexible arrangements are likely to have fewer possibilities for promotion and career advancement compared to men who occupy jobs with fixed schedules, as well as those who work in jobs with flexible work arrangements, as compared

to women who work in jobs with fixed schedules, full-time hours, and more visibility, remuneration and opportunities for professional growth. In other words, **as long as flexibility is seen as a female way of organizing work, flexible schedules are more likely to perpetuate gender differences rather than change the trend.**

Countries that have pioneered the implementation of flexible work arrangements have sought to revert this situation. In the interest of promoting gender equality, both New Zealand and the United Kingdom modified their regulations in 2014 to extend these arrangements to all workers, setting aside the female-centric view of flexibility. However, these changes have not been the rule. In Italy, for example, regulation still favors people with dependent children, which in practice can be counterproductive for true shared responsibility at home and at work. Indeed, Law 81 adopted in that country in 2017 recognizes smart work as an individual arrangement between employer and worker, giving priority for requesting this arrangement to mothers of young children and fathers and mothers of children with disabilities<sup>12</sup>.

### AUDIO 2 FLEXIBLE WORK: A BENEFIT FOR WOMEN?

David Kaplan and Claudia Piras, IDB Social Sector specialists, explain the risks of considering flexibility as a prerogative only for female workers.



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## What else is happening in the world?

We are currently seeing a clear trend towards the inclusion of flexible work arrangements in the legislations of many countries, under the paradigm of linking productivity with workers' welfare through flexibility. There is a wave of changes towards flexibility in terms of time and place of work that seeks a balanced coexistence between the standard workday (9a.m. to 5p.m.) and new models of organization and duration of the workday. Thus, we speak of a de-standardization of the workday to refer to those work styles that break with the traditional mold of the standard workday.

Europe, a benchmark for flexible work arrangements, took note that the standardized work time management inherited from the factory system was proving ineffective on its own in accommodating changes in the production model as a result of digital transformation and other changes in the labor market. This was the kick-off for the modernization of work time regulation with a view to allowing the workday to be distributed irregularly, without neglecting worker protection. The aim was not to eliminate the standard or regular workday, but to combine it with a flexible or irregular workday to allow the use of one or the other, depending on the needs of companies and workers. Moreover, even today, the regular workday continues to be the general rule, with an irregular workday the exception.

**For the European Union, the regulation of the length and distribution of work time is considered a central aspect for the proper functioning of the labor market<sup>13</sup>.** Proof of this is Directive 2003/88/CE, which serves as a reference for the organization of work time (see Box 1). This provision requires member countries to guarantee minimum standards to protect the health and

safety of workers. The company has been seeking alternatives to balance it with flexible work arrangements. Therefore, while respecting the limits set by the regulation, countries have been implementing flexible work arrangements.

### Europe remains at the forefront

After laying the groundwork for the emergence of flex time in 1996, in January 2020 Finland went further with a new regulation that added other flexible work arrangements to the existing ones, such as banked hours. This measure gave workers greater autonomy to decide on their work hours and place of work (see Box 2).

In the United Kingdom, flexible work arrangements are varied and include part-time work, job sharing, shared work hours and teleworking, among others. A special feature is that **in the United Kingdom flexible work arrangements are presented as a worker's right, which is in contrast to the way they are conceived in Latin America, where flexibility is seen solely as an employer's prerogative.** However, even though a worker may request these arrangements, the employer retains the power to refuse them if they compromise productivity or prevent compliance with customer demands, among other causes for refusal.

On the other hand, in June 2022, the United Kingdom launched a 6-month pilot program called 4 Day Week UK. This program aims to reduce workers' weekly work hours by 20%, but with the commitment to keep productivity intact. Companies from a variety of sectors are participating in 4 Day Week UK, and are receiving advice from mentoring companies that have already successfully implemented the 4-day work week





#### BOX 1. EUROPEAN UNION DIRECTIVE 2003/88/CE

##### OBJECTIVE

The objective of this directive is to set minimum work time standards for:

- a) Daily and weekly rest, annual vacations, maximum weekly work hours;
- b) Night and shift work.

##### KEY POINTS

Countries must ensure that all workers enjoy:

- Daily rest between shifts of 11 hours;
- Intermediate rest break, when daily work exceeds 6 hours;
- A 24-hour break for each 7-day period;
- 4 weeks of paid annual leave;
- Maximum 48-hour work week, including overtime;
- Limit of night work to a maximum of 8 hours per 24-hour period.

To comply with the Directive, countries may:

- Use reference periods, ranging from 14 days to 4 months, to calculate weekly rest and weekly work hours;
- Establish exceptions to the legislation for senior executives and other decision-makers. Also for certain activities.

While respecting the limits of this regulation, within each country there may be sectoral agreements and company-level agreements to adapt the regulation according to the specific characteristics of the sector, production model, etc.

## Technology and flexible work

The dynamism of the world, and of labor markets in particular, highlights the need for regulations capable of adapting as new ways of working are identified, as well as new limits that protect the labor rights of all workers. Advances in technology have been one of the main drivers of change in the world of work in recent years, with teleworking being a great example of how technology has installed more flexible practices. However, this ability to work anywhere and at any time can lead to further intensification of work.

**Unregulated, the consequences of this intensification result in a lack of separation between work time and rest time.** Workers and employers may adopt irregular hours, creating a culture of total availability (known as “always on”) that can have a negative impact on the work-life balance, health and well-being of workers<sup>14</sup>. If left unaddressed, this culture threatens to nullify the benefits of flexible work. Moreover, in practice, it allows companies to evade the restrictions on work hours that exist in legal regulations by blurring the distinction between work and non-work hours.



Policy makers around the world have taken various measures to regulate flexible work in order to minimize the associated risks. Proof of this is the right to disconnect, which was not as evident before the internet and smartphones. **The [right to disconnect](#)<sup>15</sup> refers to the worker's right to be able to disconnect from work and refrain from engaging in work-related electronic communications outside work hours.**

There is currently no European legal framework that directly defines and regulates the right to disconnect. [Several countries have asked the European Commission](#)<sup>16</sup> to legislate in this respect. Until this happens, various countries have included their own regulations. France was a pioneer in regulating this right to guarantee adequate worker rest, with the Khomri Law of 2017. Spain also did so, through Organic Law 3/2018<sup>17</sup> on the protection of personal data and guarantee of digital rights, and subsequent legislation such as the [Telework Law of 2021](#)<sup>18</sup>, where reference is made to the right to disconnect.





#### BOX 2. FINLAND'S SUCCESS STORY

Finland is a pioneer in regulating and promoting internal flexible work. Since 1996, more than two decades ago, it has promoted flexible work arrangements with a view to improving work-life balance.

Finland has continued to innovate ever since. The new Work Hours Act, put into effect in January 2020 with the rise of the 'work anytime, anywhere' model leveraged by technological innovations, went a step further. The following are some of the most important changes:

- **Flexible work hours:** the new regulation increases flexible work hours. The worker can now extend or reduce his or her daily work day by up to 4 hours (previously, it was 3 hours). Moreover, the adjustment can take place at the beginning or at the end of the work day.
- **Banked hours:** previously banking hours was only allowed for those workers who had agreed to the possibility in a collective bargaining agreement, but the new law allows it to be applied at any company. Under this system, the worker can save work hours, overtime, vacation days and other cash benefits to be withdrawn later as time off (with a limit of 180 hours per year).
- **Schedule and place of work:** for some special categories of workers, such as specialists, the choice of work schedule and place of work is a reality (at least for half of their work schedule). These arrangements are an option only for those employees whose tasks are measured by goals and objectives.
- **Work cycles:** it is now possible to agree to work in cycles. In this case it is possible to work 120 hours in a 3-week cycle, or 80 hours in a 2-week cycle. For reasons of practicality, and to avoid shifts that are not convenient, the cycle can be extended to 2 consecutive periods of 3 weeks if it does not exceed 240 hours or 2 consecutive periods of 2 weeks with a maximum of 88 hours.

Finland, voted 'the happiest country in the world' for the fifth consecutive year according to the World Happiness Report 2022, has wide-ranging freedoms at work<sup>19</sup>. Is it possible that flexible work contributes to happiness?

## What is happening in Latin America and the Caribbean?

**In the Caribbean, flexible work arrangements are a reality.** In Jamaica, for example, the Labor Market Reform Committee recommended the implementation of flexible work arrangements in 1996 as one of the strategies to modernize the labor market and to enable the country to compete in a globalized world. Subsequently, through social dialogue between workers, employers and the government, a law on flexible work arrangements was passed in 2014 allowing for adjustments in the place and time of work. Staggered

hours, freedom to choose the start and end of the work day, a compressed work week and part-time work are part of the menu of work options. Barbados, for its part, introduced a policy of flexible work arrangements for the public sector in 2021. In both cases, as in the United Kingdom, these arrangements are an option that the worker has the right to request while allowing the employer the right to reject for reasons based on proper business operations.



**While this regulatory trend is clearly observed in some countries of the European Union and the Caribbean, this is not the case in most Latin American countries<sup>20</sup>.** Their labor legislation is a major barrier to the implementation of flexible work arrangements. Few countries have regulatory frameworks that accommodate all forms of flexible work.

### Flexibility in labor regulations in Latin America

The first telework legislation emerged in Colombia in 2008, followed by Peru in 2013. However, **as a rule, labor regulations on work schedules in the region are quite old and excessively rigid**, a feature that is particularly noticeable in the area of work hours. In general, apart from a few isolated cases, **there is no systematized and comprehensive regulation in Latin America that includes all forms of flexible work arrangements.**

In labor codes or labor laws, the traditional regime of 8 hours per day (9a.m. to 5p.m.) and 40 to 48 hours per week, typical of the salaried work that began with the industrial revolution of the 19th century, still prevails. This barrier is compounded by the fact that labor regulations set daily and weekly time limits, which give little room for employers and workers to maneuver to reach agreements different from those established in labor laws. The irregular distribution of the workday (non-standardized) and the possibility of compensating extra hours in one work day with an hourly reduction in the next, clash with the daily limits of the work day and with the rules on overtime.

This makes it difficult to apply flex time, compressed work weeks and, even more so, banked hours. **In Latin America, a cultural transformation is required to break the traditional mold and bring more flexibility to legislation.**

Countries such as Bolivia, Colombia, Peru and Uruguay allow certain arrangements, such as averaging work hours or weekly cycles. However, the reference periods for averaging hours (generally 3 weeks) are short in comparison with what is permitted in Europe, where cycles are measured by quarter, semester or year. In addition, these arrangements are limited to work organized in teams - groups of people who perform a specific task or job - and require, in countries such as Uruguay, prior administrative authorization for their implementation.

Part-time work has also been accepted in countries such as Brazil, Chile, Colombia, Ecuador and Paraguay, where its limits are defined. For example, in Brazil, part-time work is required to be no more than 30 hours per week and in Chile, no more than two-thirds of the normal workday. Once these limits are exceeded, the work is considered full-time. **A non-negligible issue with respect to part-time work is its voluntary nature, that is, that part-time work be freely chosen by the worker and not an imposition by the employer to reduce labor costs.** This is not the rule in Latin America, where workers are often forced to accept fewer hours of work and lower wages.

On the other hand, **it is essential that the principle of equal treatment of part-time and full-time workers be respected.** Those who work shorter hours should have the same labor and social security benefits as those who find themselves in full time positions. Although regulations in the region place special emphasis on the application of this principle, this is not what happens in practice.

To circumvent these obstacles, some companies have agreed with their workers on such arrangements through collective bargaining agreements, some of which are long-standing. However, the lack of legal security and certainty as to their le-





gality has been a major impediment. In Argentina, for example, there are collective bargaining agreements that have retained banked hours as a form of flexibility, as is the case in [ice cream parlors, laboratories and automobile plants](#)<sup>21</sup>, although there are questions as to their legality.

**Although the region has made great progress with telework regulation, a situation intensified by the pandemic, there is still a need to move towards more flexible ways of organizing work time**<sup>22</sup>. It is necessary to reconcile work and personal life, but also keep in mind that emphasis must be placed on productivity if quality of life is to improve. For example, the combination of rigid limits on the workday and the regulation of work hours should be considered as a way to improve the quality of people's lives. For example, the combination of rigid limits on work hours and the regulation of overtime reduces the possibility of settling on work agreements that allow averaging work hours, where limits are measured by av-

erages covering longer units or reference periods (monthly, semi-annual or even annual). A similar restriction applies to banked hours. With the exception of Brazil, whose regulations allow workers to accumulate credits or debits for hours worked that are settled on an annual or semi-annual basis, current regulations in the region prevent application of this work arrangement. It would be desirable to have a regulation that would allow such arrangements, provided that minimum rest periods between workdays and work weeks are respected.

As has been the case in European regulation, **greater flexibility does not mean deregulation or the elimination of guarantees. On the contrary, greater flexibility can be understood as a labor right that allows the worker to request a flexible form of work** that is better adapted to his or her needs (although reserving the employer's ability to refuse when the nature of the work activity limits the possibility of flexibility).

## Important advances in the regulation of telework, timid steps in other types of flexible arrangements

### Pandemic effect (part 1): telework regulation takes off

**The year 2020 will go down in history as the year when, as a result of the pandemic, the world of work changed and telework took off.** While the pandemic has spurred the massive adoption of telework, it was already being implemented on a smaller scale in some countries in the region that had been teleworking for quite some time.

From a survey of 12 countries, we see that the regulatory boom was marked by COVID-19. Thus, in 2020 and 2021 the greatest regulatory advances are recorded. Argentina, Bolivia, Chile, Panama, Paraguay and Uruguay are some examples of the effects that the pandemic had on the regulation of telework. Their legislation changed in response to the health crisis that began in 2020.



#### WHAT FLEXIBLE WORK ARRANGEMENTS EXIST IN EACH COUNTRY?



\* To better see the types of flexible work by country on the map, we recommend downloading the pdf of this document in the tab at the bottom right.



### Pandemic effect (part 2): transitional adjustments to regulation

Unlike teleworking, which has been implemented as a permanent work arrangement, some countries in the region implemented [temporary flexible arrangements on an ad hoc basis to cope with pandemic](#)<sup>23</sup>, in addition to measures such as advance vacation time, extraordinary payments, and implementation of special unemployment insurance. Bolivia, Chile, Ecuador, Mexico - only for the public sector - and Peru, to cite a few countries, established staggered schedules for workers' arrival and departure times to avoid crowding, especially in public transportation during peak hours. In Chile, employers were also authorized to agree with their workers on the organization of shift work, in order to limit the number of people sharing the same workspace. Ecuador, in addition to setting staggered schedules, went down the road of reducing, modifying and temporarily suspending the workday.

Costa Rica also opted for a reduction in work hours (up to 50%), with a corresponding reduction in wages conditional on a drop in gross company income (at least 20%) due to the pandemic. In order to alleviate the drop in income, unemployment programs covered the affected workers. Another alternative, always agreed upon by employers and workers, was to suspend workers during the health crisis without affecting wages, but on the condition that they make up the hours not worked within a maximum period of one year. Panama and Bolivia also opted to reduce the workday.

Colombia, on the other hand, implemented flex time, allowing weekly work hours to be distributed in a variable manner each day, but requiring a minimum of 4 hours of work per day and a maximum of 10 hours. In this case, there is no overtime for extra work if the maximum weekly limit is respected. In addition, Colombia has made the requirements for teleworking more flexible, so that working from home does not involve excessive procedures for the employer.

### What will happen to labor regulation after the pandemic?

The measures taken during the pandemic were a step in the right direction, **but enabling efficient management of work hours is still a social debt in some countries of the region.** This would allow work hours to decrease during periods of lower production intensity and increase during production peaks, compensating for the hours worked. At the same time, it is essential to implement arrangements that allow for a better work-life balance, such as flex time to manage the hours of entering and leaving work. Thus, internal work time flexibility is particularly important.

**The COVID-19 crisis will not be the last crisis the region faces.** Ideally, the lessons learned from the pandemic should be implemented in two ways. First, given that some flexibility is always needed, even in periods of economic growth, it would be advisable to incorporate internal flexibility measures into labor regulations. Second, since greater flexibility can be in the interest of both workers and employers in times of crisis, it would be advisable to also incorporate greater flexibility measures that could be easily activated in times of crisis, without the need to reform labor codes.



It is important to emphasize what international experience shows: flexible work does not have to be synonymous with fewer labor rights. However, **there is a risk that excessive flexibility will result in a complete lack of regulation, to the detriment of workers who lack the tools to negotiate better working conditions.** There is a difference, for example, between allowing a more flexible allocation of work hours over time and allowing a limitless total number of hours worked. Incorporating greater work flexibility should be done with

the intention of enabling better work agreements for workers and companies, allowing for mutually beneficial agreements without infringing on labor rights.

Flexibility requires an appropriate balance between the rigid plans that characterized the labor relations of the twentieth century - which in turn reflected workers' labor gains - and flexibility that simultaneously improves productivity and meets the needs of twenty-first century workers.







## 4 | What's new?

This section presents new information based on an online survey conducted by the IDB between September 2021 and January 2022. The objective of the study was to learn what employees and workers in Latin America and the Caribbean think about flexible work arrangements, their use during the pandemic, and their future prospects. Table 3 summarizes the characteristics of the data collected.

On the one hand, **the main results of the company survey indicate that a significant proportion use flexible work arrangements** (mainly pandemic-driven) and that there is a positive assessment of the effects of these arrangements on company productivity and worker welfare. However, these benefits are not homogeneous and the use of flexible work arrangements is limited mainly by their incompatibility with company production processes and labor legislation.

On the other hand, **the results of the worker survey indicate that a significant portion also use flexible work arrangements** (in particular, teleworking and flex time), mainly motivated by the COVID-19 crisis. Also, the likelihood of using these arrangements varies with the skill level of workers, the characteristics of their contracts, the activities of the job, as well as access to computers and stable internet at home. While access to devices for remote work - such as laptops, computers and others - has been addressed by companies, there are other support systems that need more effort to ensure equitable and efficient use of flexible work arrangements.

Taken together, these results create space for discussion, design and formulation of policies that can promote the efficient and inclusive use of flexible work arrangements among the countries of the region.

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**Driven by the pandemic, a significant proportion of firms and workers in the region use flexible work arrangements (in particular, teleworking and flex time)**

**BOX 3. CHARACTERISTICS OF THE DATA COLLECTED**

This section is based on two quantitative and one qualitative data collection exercise. The quantitative data come from two surveys conducted by the IDB in 2021 to measure the current and expected use of flexible work arrangements and the limitations and advantages of doing so among firms and workers in the region. The qualitative data come from in-depth interviews conducted in 2022 with a set of employers in the region.

**IN SUMMARY**

<b>Online survey</b>	Carried out between September 2021 and January 2022
<b>Not representative of the universe of companies and workers in the region</b>	427 responses were obtained from companies and 314 from workers
<b>Companies were invited through different dissemination channels</b>	Workers were invited through unique links distributed to the companies that responded to the survey
<b>It is possible to link the company-worker responses</b>	

The survey of companies sought to gather information on: (i) the level of adoption of flexible work arrangements among companies in Latin America and the Caribbean; (ii) which companies use them and for whom; (iii) practices adopted by the companies that use them; (iv) factors that limit their use; (v) expectations of use by companies in the region; and (vi) impact on workers.

In turn, the worker survey sought to complement the information from the employer survey in the following dimensions: (i) characteristics of workers who do or do not use flexible work arrangements; and (ii) how much employers' and employees' views differ on the limitations and benefits of their use.

Both surveys were conducted using an online platform, were designed to have an average duration of less than 15 minutes, and were available in Spanish, English and Portuguese, in order to facilitate access to the majority of companies in the region. The company survey was conducted between September and November 2021 and the employee survey between November 2021 and January 2022. The final sample corresponds to 427 companies and 314 workers.

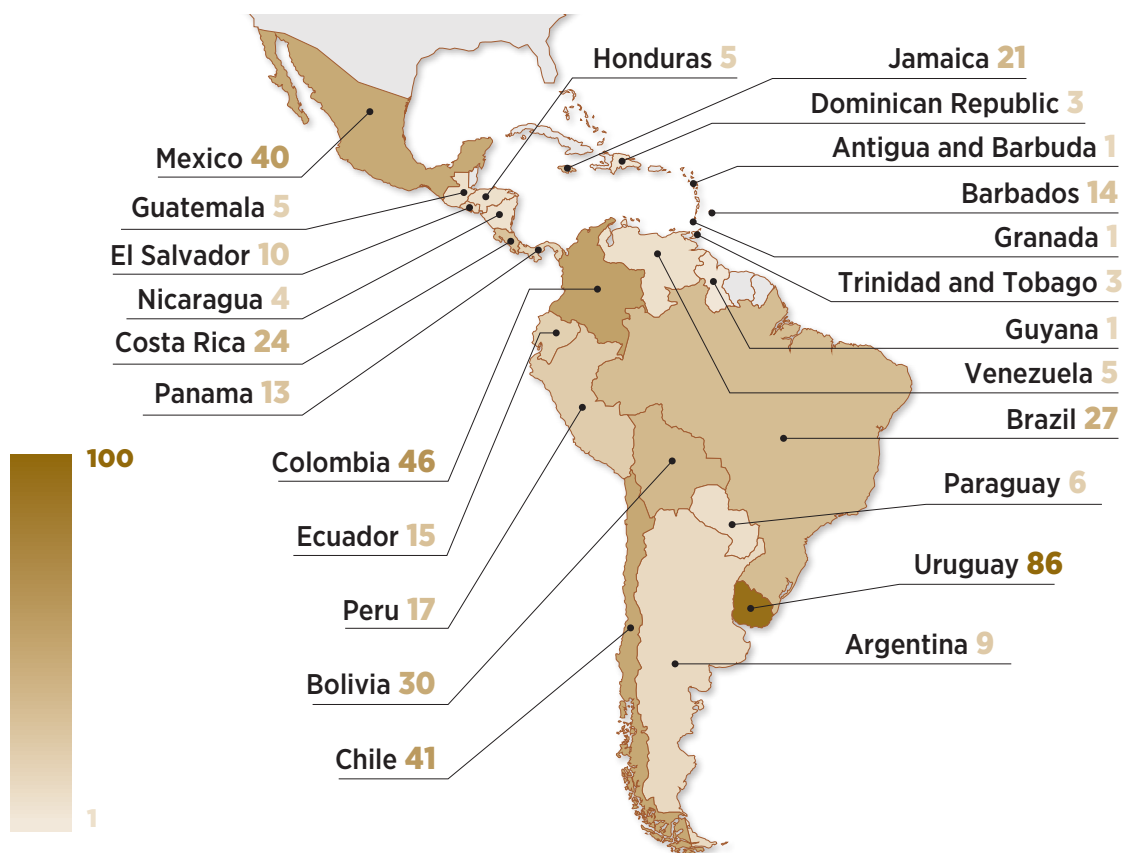
The samples of respondents in both surveys were not randomly selected. In the case of the company survey, different dissemination strategies were adopted: (i) invitation to all companies located in Latin America and the Caribbean to which the IDB team had direct access; (ii) contact through business associations to which the IDB team had direct access; and (iii) dissemination of the survey through paid and organic publications in social networks and the IDB's mass mailing system. For its part, the employee survey was distributed among those companies that successfully responded to the aforementioned company survey and reported an email address. By personalized invitation, employers were asked to share a unique link to the employee survey among their workers. Having a unique link made it possible to map the workers' information with that of the companies where they work.



The results obtained from these exercises are not intended to be statistically representative at the national, regional, or any other level. It is likely that the companies and workers in the sample represent a selected group, that is, that they are more likely to be formal, larger or of certain occupations, with internet access, from certain economic sectors, among others. This limitation has to be taken into account when interpreting the results of this document.

Finally, at the beginning of 2022, companies were selected for the qualitative work, consisting of in-depth interviews lasting 30 minutes in which we sought to delve deeper into some of the results obtained in the company survey. In particular, the following questions were addressed: (i) what is the main motivation for your company to use flexible work arrangements?; (ii) do you believe that the use of these arrangements is for all workers or only for some?; (iii) what do you think are the main limitations to expanding their use to more workers within your company? In particular, how does labor regulation affect your ability to use more flexible work arrangements?; (iv) do you think your company would continue to use these arrangements even though it might be affecting the level of sales or productivity of the company?; and (v) what do you think the next 5 years will be like in terms of the use of these arrangements?

**FIGURE 2. COMPANIES RESPONDING TO THE SURVEY BY COUNTRY**



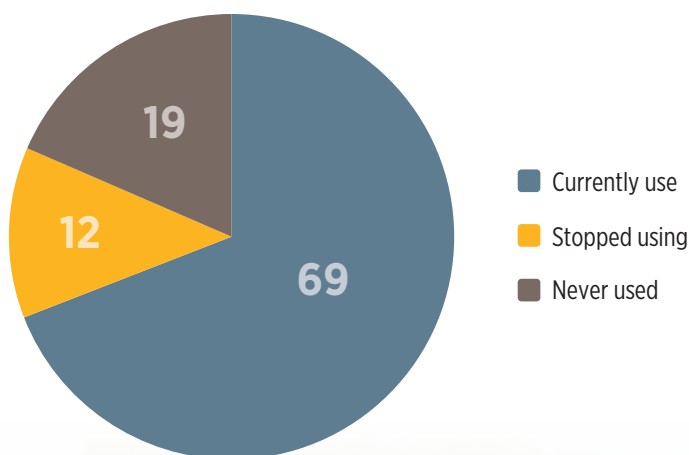


### Which companies use flexible work arrangements?

Around 7 out of 10 companies responding to the survey report that they are currently using some flexible work arrangement. Twelve percent report that, although they do not currently use any flexible work arrangements, they have employed them at some point in the last 10 years (Figure 3). Finally, 19% of companies in the sample report that they have not used these arrangements at any time in the last 10 years.

With respect to companies that do not use flexible work arrangements, those that do (69% of the total) are more likely to be exporters and to have increased their sales during the 2019-2020 period and less likely to have remained unchanged during the same period. In addition, from a qualitative point of view, it is observed that **companies that use these arrangements are more likely to have their headquarters outside the region, have an area or personnel dedicated to Human**

FIGURE 3. USE OF FWAS BY COMPANIES (%)







Source: Prepared by the authors based on the data collected in the interviews and surveys conducted as part of this report.

**Resources (HR) and are more likely to be foreign-owned.** The following infographic summarizes the characteristics of companies that use flexible work arrangements.

The companies in the sample are large, which is reflected in an average of more than 1,800 employees per company. This allows us to analyze dimensions related to their HR policies. The majority of workers in these companies have permanent contracts (77%) and work full-time (85%). Firms that use flexible work arrangements and those that do not appear to differ in their HR practices. Compared to firms that do not use flexible work arrangements, firms that do use flexible work arrangements have a higher proportion of

scientific and intellectual professionals, have fewer workers with disabilities, and have experienced a greater increase in the number of workers in the last 12 months.

Qualitatively, we observe that companies using flexible work arrangements have more workers; a lower proportion of workers on permanent contracts; a higher proportion of workers working part-time; a lower proportion of workers in elementary occupations (this includes activities that are of a simple, routine nature and require the use of hand tools and a certain level of physical effort), more workers who are women; and a higher number of subcontractors.

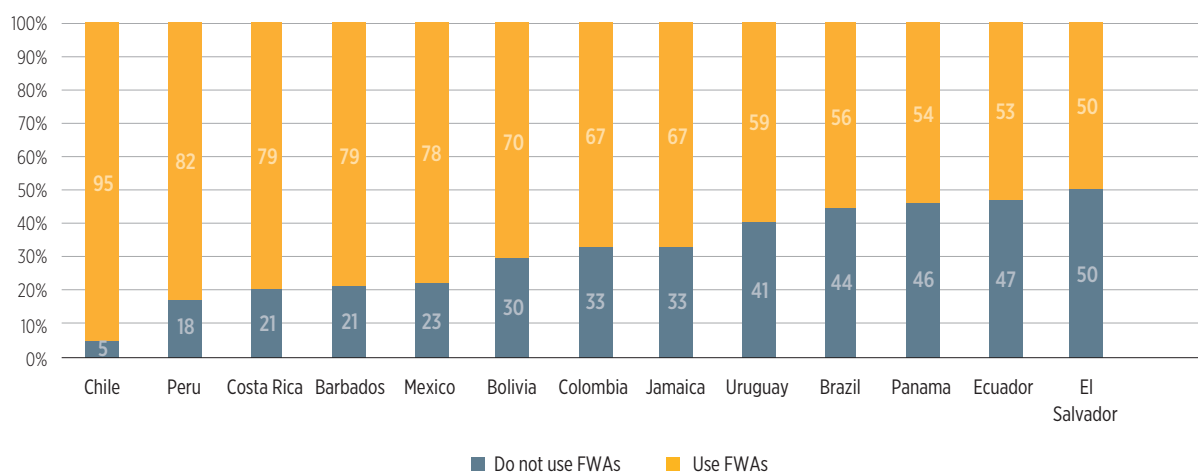


## Which countries and which sectors use flexible work arrangements?

The survey was answered by 427 companies from 24 countries in the region (Figure 2), including 6 Caribbean countries (Antigua and Barbuda, Barbados, Grenada, Guyana, Jamaica and Trinidad and Tobago). The countries in which it was possible to obtain a larger sample are Uruguay (86 companies), Colombia (46), Chile (41) and Mexico (40). On the other hand, information was obtained from less than 5 companies in Antigua and Barbuda (1), Grenada (1), Guyana (1), Dominican Republic (3), Trinidad and Tobago (3) and Nicaragua (4).

Considering the data from countries where responses were obtained from at least 10 companies (Figure 4), it can be seen that **the degree of use of flexible work arrangements is highest in Chile (95%), Peru (82%), Costa Rica (79%), Barbados (79%) and Mexico (78%)**. In contrast, the use of these arrangements is lower among the sample companies located in El Salvador (50%), Ecuador (53%), Panama (54%) and Brazil (56%), although these differences between countries should be interpreted with caution due to the lack of statistical significance.

**FIGURE 4. SAMPLE DISTRIBUTION BY COUNTRY AND USE OF FWA (%)**



**Note:** Only countries with 10 or more completed surveys are included.

Figure 5 shows the distribution of the companies in the sample among economic sectors and according to the use of flexible work arrangements. As with the distribution across countries, there are economic sectors in which the use of these arrangements is less common: professional, scientific and intellectual services; information and communications; human health care and social

assistance activities. On the other hand, we observe more use of these arrangements in sectors such as: agriculture, livestock, hunting, forestry and fishing (84 companies); construction (74); and other service activities (48). Considering the data for economic sectors where responses were obtained from at least 10 companies, it is observed that the **greatest use of flexible work**



arrangements is found among companies in the education sector (82%); other service activities (79%); manufacturing industries (74%); and transportation and warehousing (73%). In contrast, the use of these arrangements is lower

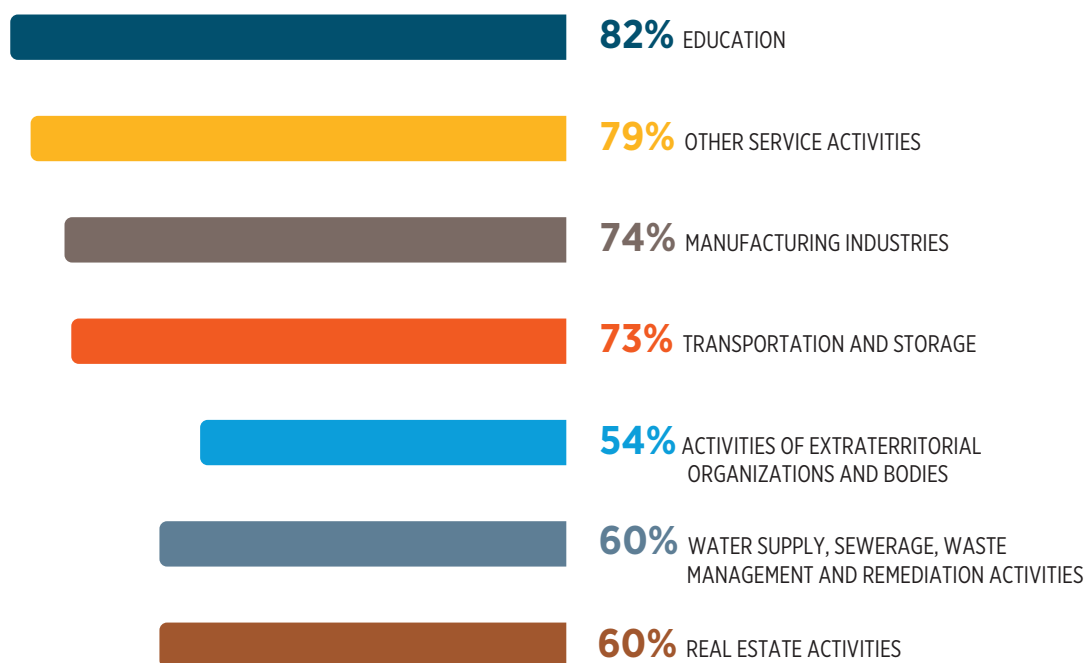
among companies in the sectors of activities of extraterritorial organizations and bodies (54%); water supply; sewerage, waste management and remediation activities (60%); and real estate activities (60%).

## What is a company's main motivation for using flexible work arrangements?

**Most companies consider that one of the main motivations for initiating the use of flexible work arrangements is the satisfaction of their workers.** Thus, they state that the well-being of their employees has a direct impact on the company's productivity, which is why opening up to flexible work arrangements was a policy that they were already

considering implementing before the pandemic. Some companies were even already implementing these arrangements on a smaller scale depending on the nature of each worker's duties. Most companies clearly saw the arrival of COVID-19 as an accelerator of these policies, so they quickly had to implement flexible plans (mainly teleworking).

**FIGURE 5. SAMPLE DISTRIBUTION BY ECONOMIC SECTORS AND USE OF FWA (%)**



**Note:** Only sectors where responses were obtained from at least 10 companies are mentioned.



### How are flexible work arrangements used within companies?

From the worker survey we observed that half (50%) of the sample reported using flexible work arrangements. On the other hand, 14% do not currently use them but have used them at some point in the last 5 years and 36% have never used them or at least not recently.

**Workers who use flexible work arrangements are less likely to have school-aged children and are more likely to have a computer and internet at home and to have a higher level of economic well-being.** In addition, those workers who use these arrangements have higher levels of education and skill updating than those who do not.

#### WORKERS USING FLEXIBLE WORK ARRANGEMENTS IN LATIN AMERICA AND THE CARIBBEAN...



**Note:** Prepared by the authors based on the data collected in the interviews and surveys carried out within the framework of this report.





Conversely, as shown in the infographic above, **those workers who use flexible work arrangements are more likely to be formally employed** (i.e., with social security contributions). In addition, workers in occupations whose activities require more sophisticated skills - for example, managers and directors - are more likely to use these arrangements than workers in occupations that require less complex skills.

The survey also captured three measures that serve to characterize the employment activities of workers who do or do not use flexible work arrangements. The first refers to how repetitive

the work activities performed are, reflecting that the work of the average employee in the sample is moderately repetitive (59 out of 100 points). The second is that, with respect to the percentage of job activities that are manual or physical, we see that the work of the average employee in the sample is not very manual (32 out of 100 points). However, **workers who use flexible work arrangements perform work that is significantly less manual than those who do not**. Finally, workers in the sample largely believe that their jobs can be easily performed remotely.

**TABLE 4. EMPLOYMENT CHARACTERISTICS**

	Total		Do Not Use FWAs		Use FWAs	
	Avg.	SD	Avg.	SD	Avg.	SD
Years of work experience, total	17.7	(11.17)	17.3	(10.54)	18.1	(11.78)
Years of work experience in current company	7.4	(8.05)	7.5	(8.18)	7.3	(7.95)
Porcentaje de trabajadores con						
Permanent contract	0.89	(0.32)	0.86	(0.34)	0.91	(0.29)
Temporary contract	0.05	(0.23)	0.07	(0.26)	0.04	(0.19)
Other contract	0.06	(0.23)	0.06	(0.25)	0.05	(0.22)
Work part-time	0.05	(0.23)	0.05	(0.21)	0.06	(0.24)
Have a contract signed by employer	0.90	(0.30)	0.89	(0.31)	0.92	(0.28)
Contribute to Social Security	0.91	(0.29)	0.87	(0.34)	0.94	(0.24)**
Distribution of workers by occupation (%)						
Directors and managers	21.7	(41.26)	15.4	(36.20)	27.8	(44.97)***
Scientific and intellectual professionals	8.9	(28.54)	6.4	(24.57)	11.4	(31.87)
Technical professionals	18.5	(38.87)	17.3	(37.95)	19.6	(39.84)
Managers and administrative workers	39.8	(49.03)	43.6	(49.75)	36.1	(48.17)
Service and sales workers	7.3	(26.10)	11.5	(32.05)	3.2	(17.56)***
Industrial workers and drivers	0.3	(5.64)	0.6	(8.01)	0.0	(0.00)
Elementary occupations	1.3	(11.23)	1.9	(13.78)	0.6	(7.96)
Index of job repetitiveness (0-100)	58.8	(25.24)	61.1	(24.47)	56.5	(25.85)
Degree of manual labor (%)	32.4	(29.75)	37.8	(31.27)	26.4	(26.82)***
Index of how much the work can be done remotely (0-100)	79.6	(26.52)	72.9	(29.63)	85.9	(21.46)***

**Note:** Asterisks represent the statistical significance of a test of means between companies using and not using FWA (\* significant at 90%; \*\* significant at 95%; \*\*\* significant at 95%). SD = standard deviations.



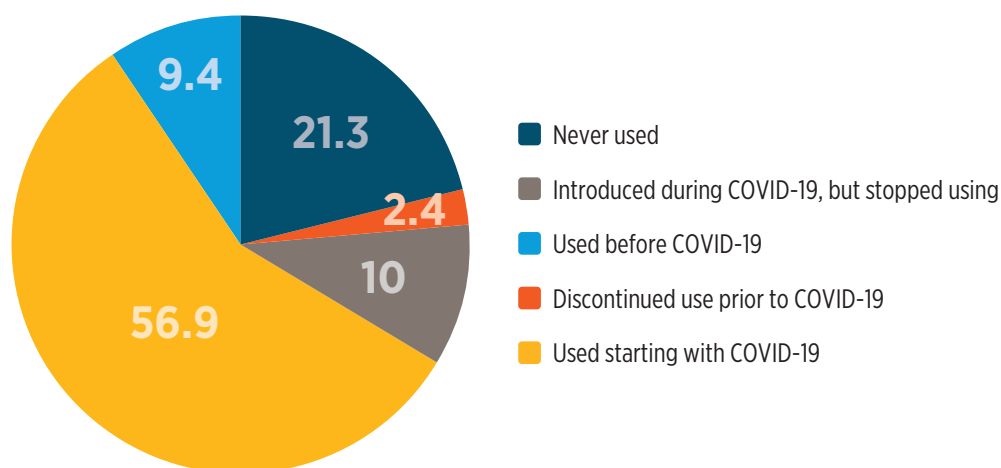
### Who can use flexible work arrangements?

Flexibility has been increasing as technology advances. **Today there are jobs that allow the use of flexible work arrangements such as teleworking, where 5 or 10 years ago it was unthinkable.** Operating excavators by remote control, in the case of mining, is one of those occupations that today allows remote work. However, this reality is not for all workers. Most companies state that flexible work arrangements must be adapted to the nature of each job: if the workers' activities do not require interaction with other colleagues, working from home is perfectly compatible. As well, the agreement between employer and worker to perform tasks outside work hours is perfectly compatible when it is not necessary to strictly adhere to a work schedule.

#### Companies confirmed that COVID-19 has catalyzed the use of flexible work arrangements

**Sixty-seven percent of the companies surveyed began using flexible work arrangements after the COVID-19 crisis.** This proportion is much higher than the 9% of companies that were already using them before the pandemic. Figure 6 also shows that the majority of firms that adopted these arrangements because of the crisis continue to use them (56.9% versus 10% that no longer use them). This is an interesting fact that may show the preference of employers and workers for their use, even though in many countries flexible work arrangements were introduced only temporarily to cope with social distancing measures in the wake of the pandemic.

**FIGURE 6. USE OF FWAS IN COMPANIES PROMOTED BY COVID-19 (%)**

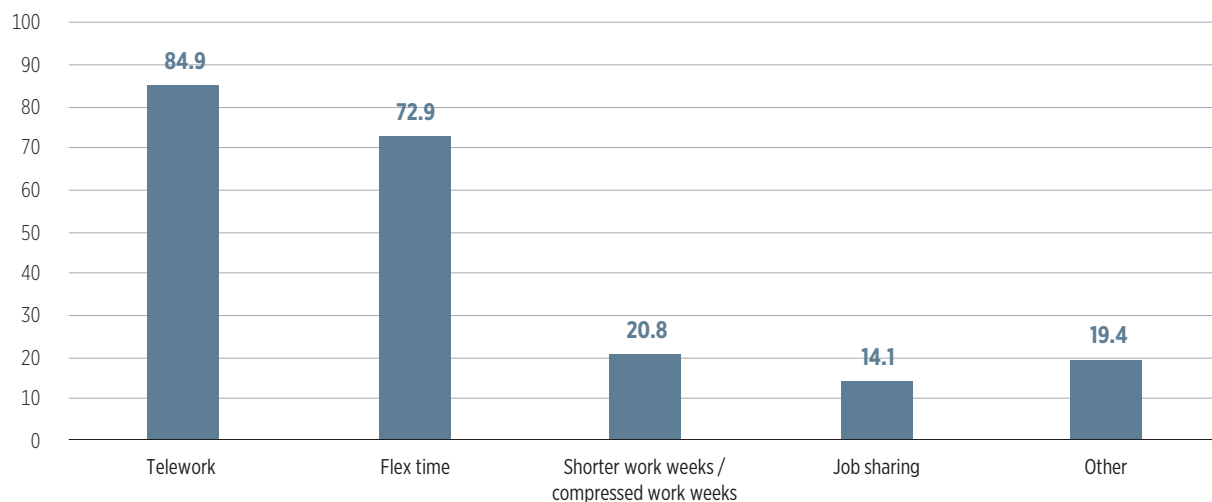


**Teleworking (85%) and flex time (73%) are the arrangements most used by the companies in the sample that currently implement flexible work arrangements** (Figure 7). The employee sur-

vey provides similar evidence: teleworking (72%) and flex time (55%) are the most popular types among employees in the sample who currently use flexible work arrangements.



FIGURE 7. WHAT KINDS OF FWAS ARE COMPANIES CURRENTLY USING? (%)



## Flexible work arrangements: a new source of inequality?

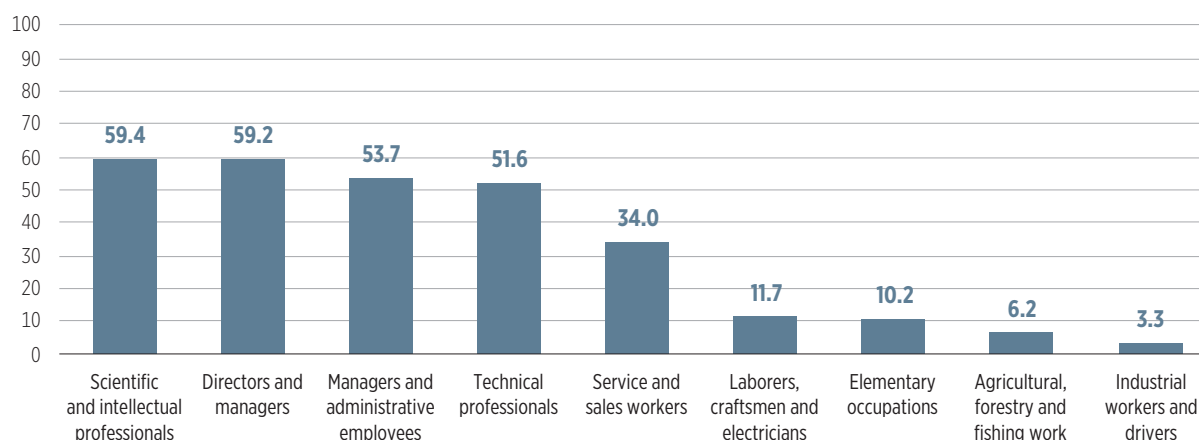
Can all jobs or workers benefit from flexible work arrangements, or are these arrangements a new source of inequality in the labor market? With the pandemic, many workers became teleworkers overnight. However, this was possible for jobs that could be performed remotely and for workers who had access to computers and internet connectivity at home. Other flexible work arrangements, such as flex time or job sharing, were implemented as a way to reduce overcrowding and ensure business continuity. However, jobs requiring attendance and shift work suffered the most in the early months of the pandemic, and are still the least likely to use one or more types of flexible work arrangements today.

In the surveys conducted with companies, the information on their workers provides relevant

data in this regard. Figure 8 presents the degree of use of telework (most used flexible work arrangement) among the different occupational groups. **A clear positive relationship is observed between the use of telework and the level of skills and sophistication required by the occupation.** Thus, while more than 50% of directors and managers; scientific and intellectual professionals; technical professionals; and employed managers and administrators telework, only about 10% of agricultural, forestry and fishing workers; laborers, craftsmen and electricians; industrial workers and drivers; and workers in elementary occupations telework. This suggests that **the use of flexible work arrangements may be accentuating inequalities in the labor market** and is compatible with what workers reported in their survey.



FIGURE 8. USE OF TELEWORK, BY OCCUPATION (%)



## Complementary measures to maximize the performance of flexible work arrangements

As discussed previously, **the adoption of flexible work arrangements has been abrupt for most companies in the region.** After the social distancing measures instituted in the wake of the pandemic forced a significant proportion of companies to implement these arrangements, companies have had to adopt additional measures to maximize their performance. Figure 9 shows that the most common measure adopted by the companies in the sample was providing electronic equipment for remote connection (78%). A smaller proportion of companies (48%) stated that they have paid for their employees' Internet or telephone. Others, in turn, have been offering training to their workers, but mainly in digital skills (54%) and not in the socio-emotional skills that are also necessary to face a new way of working (42%).

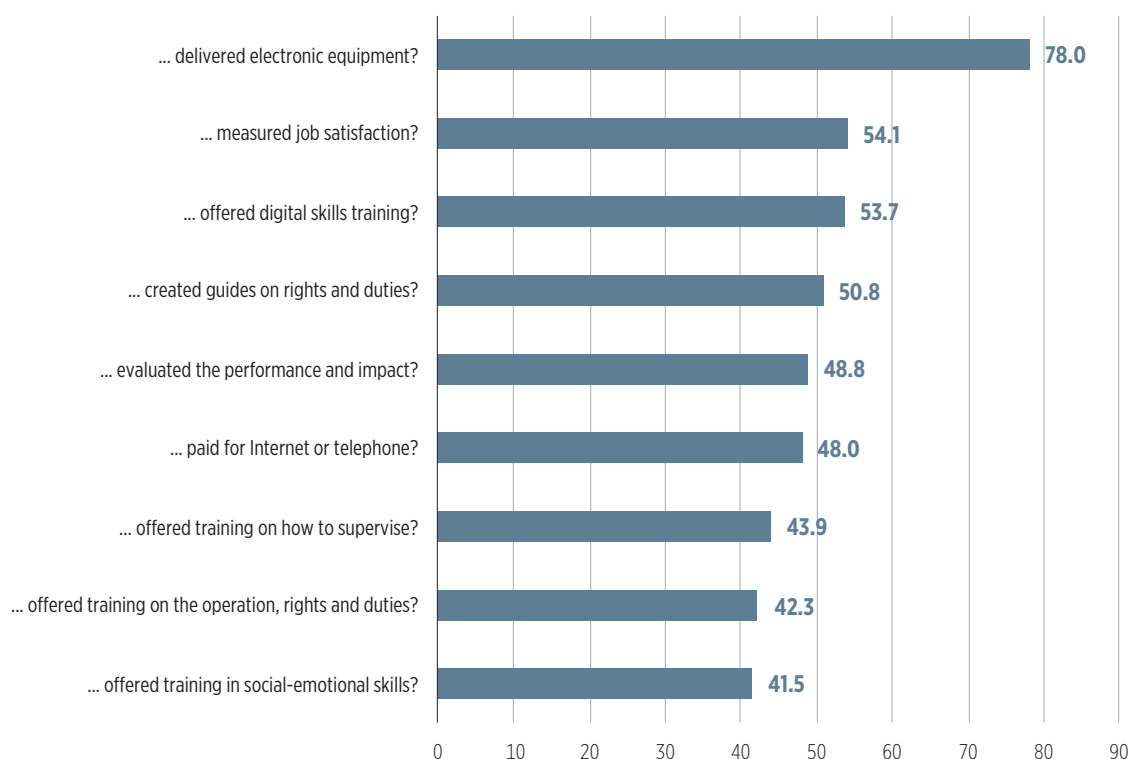
**The dissemination of information on how flexible work arrangements function and the rights of workers in this labor context have also been partially neglected by companies.** Similarly, companies have not been investing in training managers on how to supervise the work of their employees in these arrangements. The lack of clear guidelines for workers and supervisors could also generate problems in signaling productivity and be an additional source of potential inequalities among workers.

Worker survey data confirm these findings. Workers in the sample report that companies have introduced practices primarily to improve access to remotely connected electronic equipment. However, relatively fewer firms have monitored their workers' Internet or measured employee job satisfaction. In addition, few companies have trained managers on how to supervise workers under flexible work arrangements.





FIGURE 9. PRACTICES ASSOCIATED WITH THE USE OF FWAS (%)



## What constraints do companies in the region face in the use of flexible work arrangements?

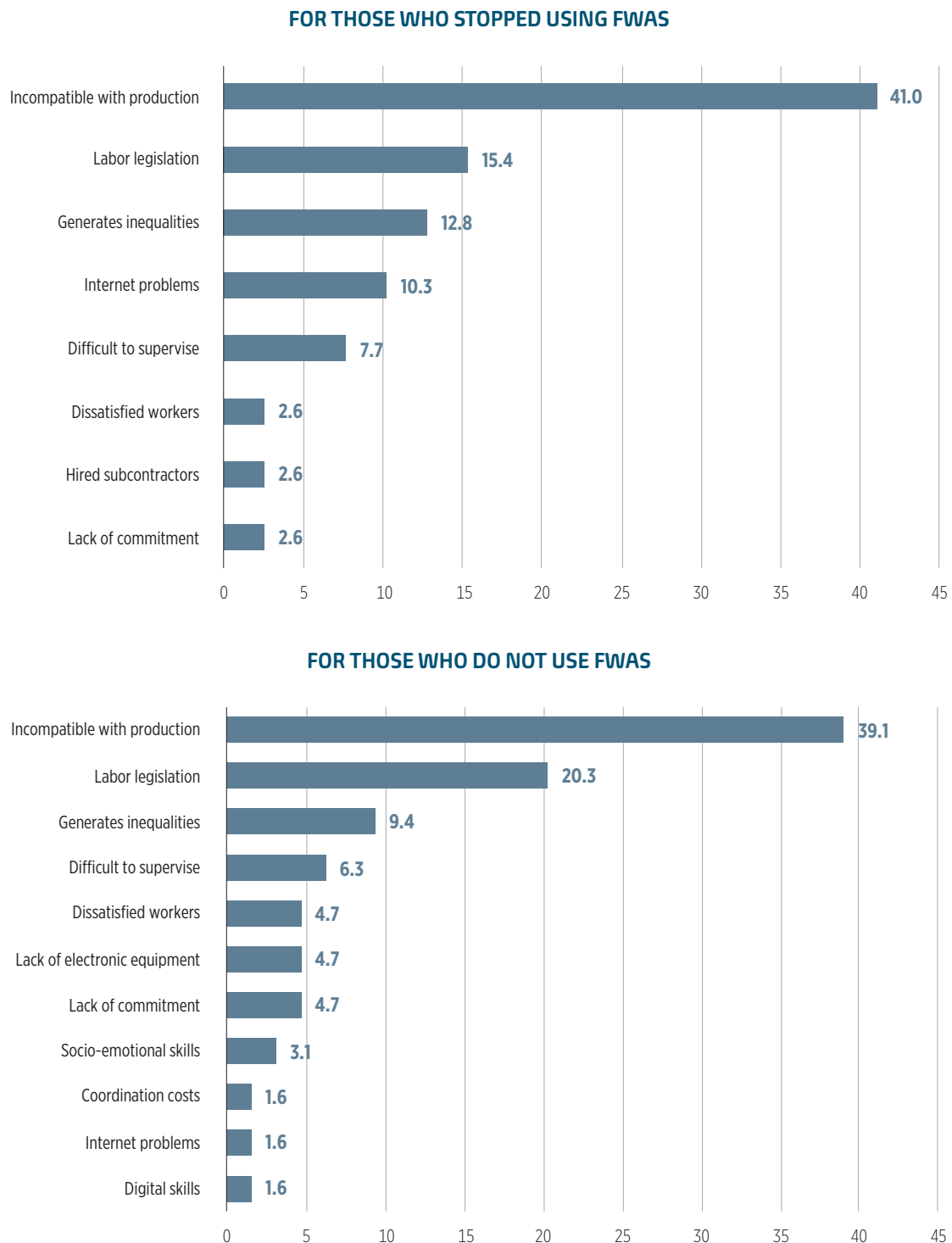
It is important to identify **the main constraints faced by companies in the region in the use of flexible work arrangements**. Figure 10 presents the main reasons why firms stopped using these arrangements (left panel) or why they have not used them in the last 10 years (right panel). In both cases, **the main reasons are incompatibility with the production of the company's goods or services and that labor legislation does not allow it**. It is also interesting that other causes mentioned by the companies in the sample point to the fact that the use of these arrangements lead

to inequalities among workers and to difficulties supervising employee work.

The workers surveyed offer similar evidence. Workers who have stopped using or have never used flexible work arrangements state that this is mainly due to external reasons: companies stopped using these arrangements or simply never used them. In addition, labor legislation and incompatibility with the company's production again appear as limiting factors for their use.



**FIGURE 10. COMPANIES' MAIN REASONS FOR NOT USING FWAS (%)**





### BOX 4. LABOR REGULATIONS TO PROMOTE FLEXIBLE WORK ARRANGEMENTS. THE CASE OF CHILE

In some countries labor regulation is not a limitation, as is the case in Chile. Due to the explosion of telework with the arrival of COVID-19, the Chilean Government officially approved telework in its labor legislation through Law 21.220 on Remote Work and Telework. Both the employer and the workers must agree on the type of teleworking or remote work; after this agreement, the employer must register it electronically in a portal enabled by the Labor Department. In turn, in the case of workers who change from in-person to telework or remote work, an annex to the contract must be included to establish the conditions of the new work arrangement.

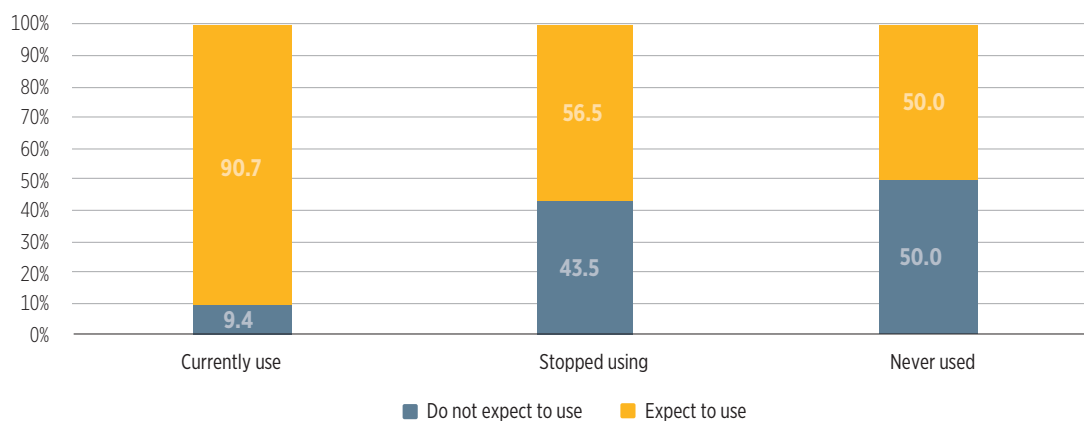
Chilean legislation also incorporated the right to disconnect, establishing that the work day must include at least 12 continuous hours of disconnection in a 24-hour period. In turn, for health and safety purposes in the workplace, the legislation considered that the employer must train the workers who take advantage of this arrangement. In addition, it must ensure health and safety conditions in the workplace, provide equipment, tools and materials so that workers can perform their duties.

## Moving forward: what perspectives do companies report regarding the use of flexible work arrangements?

Regarding the expectation of using flexible work arrangements in the future, approximately 8 out of 10 of the companies in the survey plan to use them in the next 3 years. Figure 11 shows that this percentage is substantially higher among compa-

nies that already use them, reflecting their satisfaction. However, the majority of companies that have stopped using or have never used flexible arrangements also consider using them in the next 3 years.

FIGURE 11. COMPANIES' EXPECTATIONS ON THE USE OF FWAS IN THE NEXT 3 YEARS





### BOX 5. WHAT WILL THE NEXT 5 YEARS LOOK LIKE IN TERMS OF THE USE OF FLEXIBLE WORK ARRANGEMENTS?

As part of this study, 5 in-depth interviews were conducted and the interviewees agreed on one point: flexibility is here to stay. However, they pointed out the importance of maintaining a balance between telework and in-person work. While technology has brought greater flexibility to perform many of the functions that previously required in-person work, organizational culture requires a certain degree of face-to-face interaction among employees. Moreover, the transition to flexibility will require strong investment, not only in infrastructure but also in skills and competency training for both workers and supervisors. Finally, whenever possible according to the nature of the work, the interviewees expect that flexibility will allow the integration of groups that, due to the rigidity of the work day, have not been able to integrate, while of course safeguarding their labor rights.

On the other hand, all of the companies interviewed consider that the implementation of flexible work arrangements is a point of no return, even if they are affecting sales figures or productivity. As long as the nature of the work and technology allow it, employers do not see a backward step in the implementation of these arrangements. On the contrary, they expect the benefits of flexibility to reach more people in the workforce, which implies an important process of training and retraining (upskilling and reskilling) to adapt to these new changes.

A warning that several companies identified is the stress and impact on quality of life linked to 'hyperconnectivity'. To address this problem, concerned about the mental health of their workers, several companies have begun to implement mental health care initiatives, such as mindfulness programs.

As with the reasons for stopping using or not having recently used flexible work arrangements (Figure 10), **incompatibility with the firm's production of goods or services and labor legislation**

**restrictions appear to be the main causes limiting expectations about the future use of these arrangements** by companies (Figure 12).

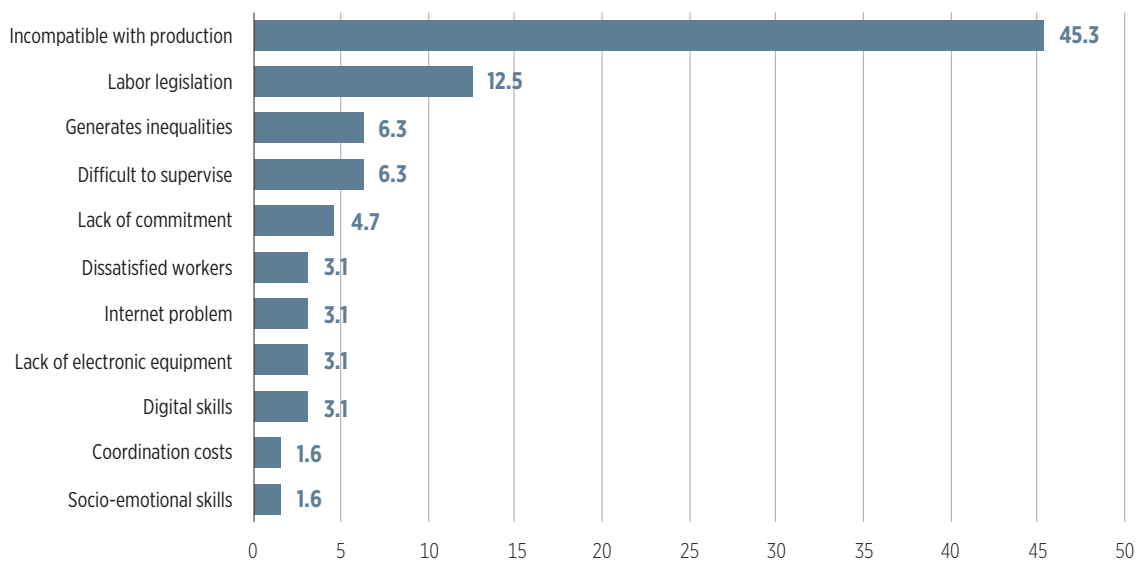
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**A warning that several companies identified with the use of flexible work arrangements is the stress and impact on quality of life linked to 'hyperconnectivity'**





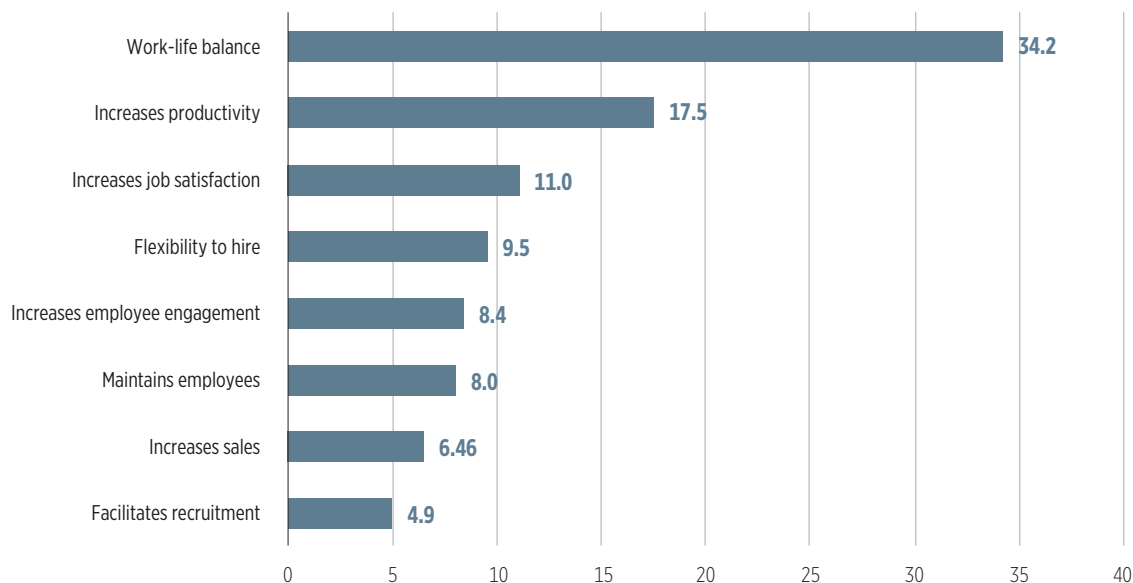
**FIGURE 12. REASONS WHY COMPANIES DO NOT PLAN TO USE FWAS IN THE NEXT 3 YEARS (%)**



The companies surveyed that do expect to use flexible work arrangements in the next 3 years indicate that **among the main advantages of using them is that these arrangements will allow workers to**

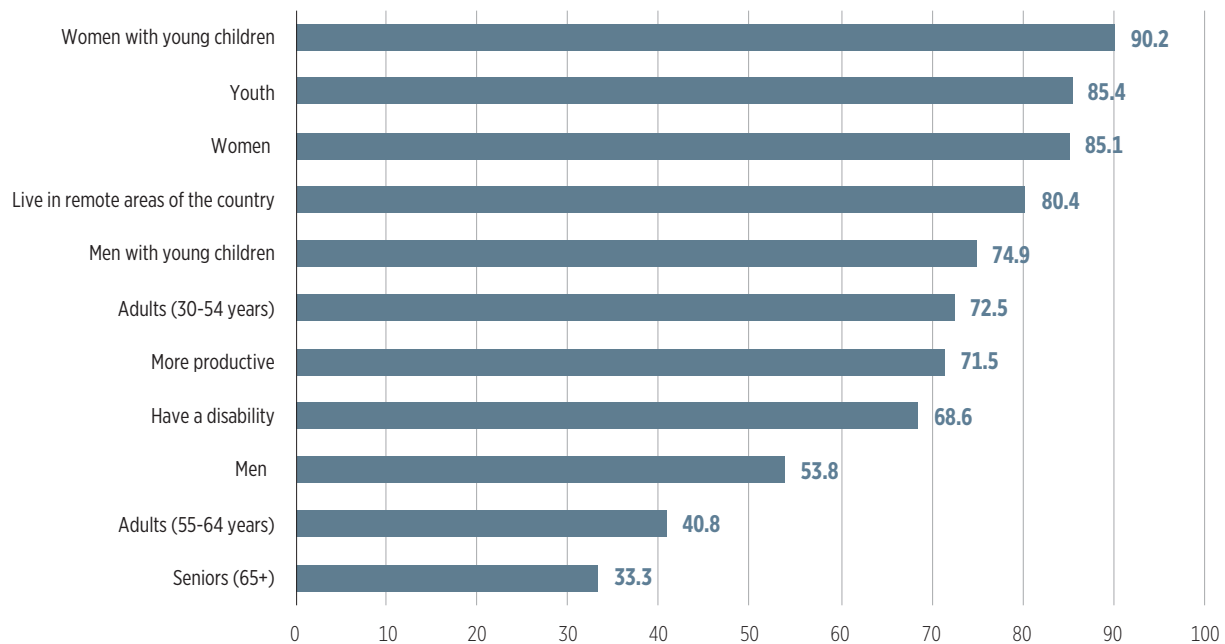
**have a better work-life balance and will increase labor productivity** (Figure 13). In contrast, relatively few believe that the use of these arrangements will result in increased sales for the company.

**FIGURE 13. MAIN ADVANTAGES OF USING FWAS IN THE NEXT THREE YEARS (%)**





**FIGURE 14. COMPANY PERCEPTION OF LINKAGE BETWEEN FWAS AND HIRING VARIOUS GROUPS**



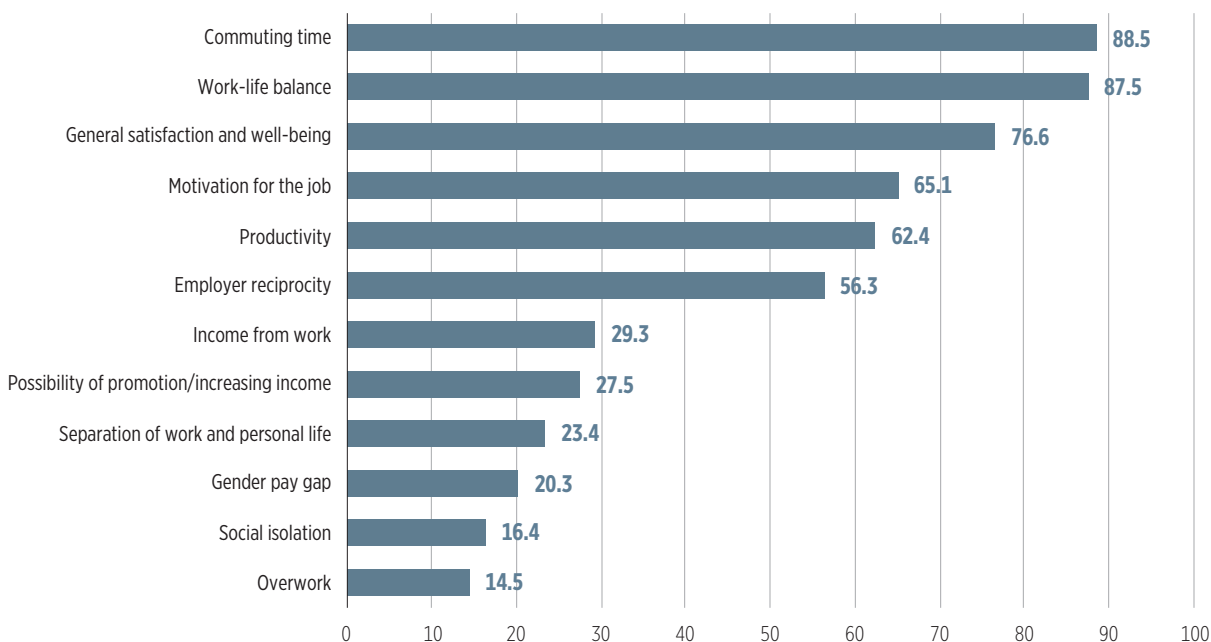
**One of the main potential advantages of flexible work arrangements is that they allow the hiring of groups of individuals who have greater difficulty accessing the labor market.** Figure 14 shows that the firms in the sample consider that these arrangements will allow them to hire more women with young children (0-5 years) and youth (18-29 years), as well as people living in remote areas. In contrast, flexible work arrangements are expected to have a smaller effect on the hiring of older workers (55 years and up).

Regarding the effects of flexible work arrangements on workers' lives, Figure 15 shows that employers mainly consider that **these arrangements improve commuting time and work-life balance.** In contrast, to a lesser extent they consider that they improve social isolation and overwork.

The potential improvements that the use of flexible work arrangements would bring in commuting time savings and work-life balance are also noted among the data reported by workers. To gather respondents' opinion on this issue, respondents were asked to report on their use of time in a typical day (Monday through Friday) (see infographic on flexible workers' use of time on the next page). On average, workers in the sample spend most of their day working (8.8 hours) and sleeping (6.8 hours). Interestingly, workers who use flexible work arrangements report spending more time on leisure activities and less time commuting than those who do not; and no differences are observed among workers in time spent caring for household members or other domestic tasks.



**FIGURE 15. WHAT WORKER CONDITIONS IMPROVE WITH FWAS? (%)**



## WORKERS THAT ENJOY FLEXIBLE WORK IN LATIN AMERICA AND THE CARIBBEAN...

SPEND MORE TIME  
(0.65 HOURS) ON  
LEISURE  
ACTIVITIES



**86%**  
SURVEYED EMPLOYERS  
CONSIDER THAT  
FLEXIBLE WORK  
CONTRIBUTES TO  
WORKERS' WORK-LIFE  
BALANCE



SPEND LESS TIME  
COMMUTING THAN  
THOSE WHO DO NOT  
USE FWAS

**Source:** Own elaboration based on the data collected in the interviews and surveys carried out within the framework of this report.



# 5 | What's next

## Flexibility is here to stay

We have seen throughout this paper that flexible work arrangements are a global trend that Latin American and Caribbean countries are having to address. We have also observed that new labor rights that were not even on the radar when the first versions of the labor codes were written must be considered in this process.

Figures 10 and 12, in addition to the best practices of the countries that have made the most progress in flexible work arrangements, provide guidance on a possible way to ensure that these arrangements are adequately regulated. The main reason why some companies do not use (or do not plan to use) these arrangements is that they are incompatible with their production processes. It is important to note that best practices suggest that flexible arrangements should be considered as rights that workers can claim, as long as they do not cause a problem for company operations. While it is good to allow flexibility as a general rule, legislation has to allow companies to deny the request when a flexible schedule would affect productivity.

But Figures 10 and 12 also point out that, even when there is a willingness on the part of the employer to implement flexible work arrangements, this is often not done because labor regulation prevents it. International experience shows that it is possible to allow such arrangements without interfering with productive processes and without putting workers in a state of defenselessness vis-à-vis their employers.

International best practices also suggest that flexible work arrangements need to respect certain limits. For example, it may be reasonable to allow different people to come in to work at different times and to allow one person to come in to work at different times during a month, as long as these arrangements neither increase nor decrease the total number of hours worked. Likewise, it may be reasonable to allow work hours to be redistributed from one week to the next, as long as this does not change the total number. But flexibility cannot be absolute: a request to work very long hours from January to June in order not to report to the company during the months of July to December is surely an excessive request.

With all of this in mind, the following are recommendations for the design of reforms aimed at modernizing legislation with respect to flexible work arrangements:

**1. Start with social dialogue.** It is important to listen to the views of both employers and workers regarding the advantages and disadvantages of these agreements. If the objective is to promote mutually beneficial agreements, it is crucial to listen to the views of both parties.

**2. Identify the regulatory barriers that prevent the use of flexible work arrangements and propose changes that maintain the principles of rights and obligations that should exist in labor matters.** Figures 10 and 12 indicate that in many cases it is the labor legislation itself that prevents the use of these arrangements. The map “What





flexible work arrangements exist in each country?" presents some examples of these barriers in our region. The reality is that, at the time of writing the labor codes of our countries, these arrangements simply did not exist. However, the elements of the legislation that today prevent their use had, and surely still have, a *raison d'être*. In an effort to ensure that flexible work arrangements strengthen workers' rights rather than reduce them, it is important to maintain the spirit of the protection that legislators of the past wanted to provide, but in a way that does not preclude internal flexibility when it is mutually beneficial.

**3. Establish flexible work arrangements as a worker's right.** One way to be clear that the internal flexibility referred to in this paper is not synonymous with job instability is to establish these arrangements as worker rights rather than employer-imposed agreements.

**4. Clearly set the boundaries of flexible work arrangements.** The survey results tell us that many employers find these arrangements incompatible with their production processes. While greater internal flexibility is needed, complete flexibility is not in the interests of either party. It is necessary to specify the circumstances under which the employer may refuse a request for such arrangements.

**5. Avoid reinforcing gender stereotypes.** Figure 14 shows that employers think that flexible work arrangements could help them recruit women with young children. At first glance, this would appear to be good news for gender equality. However, there is a risk of exacerbating existing gender gaps. For example, as legislation explicitly grants more flexibility rights to women, it reinforces the concept that it is women who should be responsible for childcare. For these reasons, legislation should be gender-neutral. Or, moreover, promote flexible work arrangements as a way to promote

shared responsibility at home and at work. In this way we can avoid situations like the one caused by the COVID-19 pandemic, which in a matter of months caused a setback of up to 10 years in terms of closing gender gaps in the workplace. Even if we succeed in ensuring that legislation does not distinguish between women and men with respect to flexible work arrangements, women are likely to use them disproportionately because cultural norms give them greater domestic responsibilities.

**In addition to making the necessary legislative changes to allow flexible work arrangements, there are other complementary actions that can be implemented to enhance their use.** For example, in many cases flexible arrangements depend on the use of new technologies for proper coordination and supervision. As workers have better digital skills, it will be easier to promote these arrangements. It is also necessary for both workers and their supervisors to learn other skills needed to work efficiently under flexible work arrangements, such as social and motivational skills. It is important to note that supervisory problems are also mentioned in Figures 10 and 12 as reasons why companies do not adopt these arrangements.

The main message of this report is that flexible work arrangements offer a way to increase productivity and help workers reconcile their personal lives with their work responsibilities. In addition, **the global trend is toward greater use of these arrangements, so countries that do not make progress on this issue will fall behind in attracting investment and talent.** We have noted the many challenges associated with implementing and properly regulating flexible work arrangements, but the many success stories tell us that it is possible to promote these arrangements to improve both business productivity and worker well-being.







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