When Parents Work from Home

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Extended Abstract

The COVID-19 pandemic resulted in a significant shift towards remote work that has proven to be long-lasting. Bloom et al. (2023) find that the number of postings offering remote work opportunities increased three-fold in the US, and five-fold or more in Australia, Canada, New Zealand, and the U.K. Aksoy et al. (2022) document that in 2022, US employees worked an average of 1.6 days per week from home. The expectation is that remote work will remain a permanent feature of modern labor markets (Chen et al. (2023)). WFH is often described as a 'family-friendly policy', because of its potential to help in achieving 'work-life balance'. A priori, working from home could give the chance to parents to 'achieve it all': pursue their careers without sacrificing on family. In particular, working from home might allow parents to better support the education of their children.

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While this transition is taking place, there is still very little evidence of the causal impact of WFH on workers' career and even less on their family life. One reason is that it is very challenging to identify a *causal* impact, since employees may naturally self-select into work arrangements that may suit their needs and those of their families. The 'COVID-19 pandemic' while having provided a large increase in the propensity to work from home, is also not the ideal 'natural experiment' to evaluate the impact of teleworking since the pandemic affects almost all domains of life, far beyond our working habits. In a seminal contribution, Bloom et al. (2015) conduct a randomized controlled trial in a large Chinese travel agency, and document positive effects of WFH on productivity. The study was the first to evaluate the causal impact of WFH, but it focused on a specific sector and on its impact on workers' productivity solely.

In this paper, we present causal evidence of WFH on children's educational attainment, using a mix of administrative data and additional survey evidence from national surveys. Our analysis focuses on the pre-pandemic period. The identification strategy exploits between-firm variation in the introduction of formal WFH arrangements in collective labor agreements (CLA) in the Netherlands, over the last two decades. To limit employee selection, we restrict our sample to employees already present in the firm before the implementation of the agreement, who suddenly gain more flexibility over their work schedule; this is our treatment group. The control group is made of people working in similar firms, which did not implement such clauses. Using administrative data, we identify the impact of being allowed to WFH on workers who are parents, and examine its effects on a national standardized test that children take in the last year of primary school (CITO). This is a high stake exam that determines the track that children will be

allow to attend in secondary education. To understand the potential mechanisms, we also link the data to the Labor Force Survey to examine the impact of the implementation of WFH policies on labor market outcomes.

To our knowledge, this is the first paper presenting causal evidence on the impact of WFH arrangements on children's outcomes. There is a relatively large literature on the impact of parental leave policies on parental careers (see Kleven et al. (2020) for a recent review), and a growing but smaller literature on the impact of these policies on children's developmental outcomes (Ginja et al. (2020), Powell et al. (n.d.)), but there is almost none on the impact of work flexibility arrangements on children's educational attainment. Work From Home arrangements are important to examine because they are likely to be relevant over a much longer period than parental leave policies. Increased organizational flexibility by definition reduces constraints to the allocation of time between work and family. As a consequence, we would expect flexible working arrangements to potentially benefit family outcomes.

Our main finding is that children whose parents gain the right to WFH improve their test score at the high stake CITO by 0.2 of a standard deviation. The effect is mostly observed for highly educated parents, which is not surprising since they are much more likely to work in occupations where telework is possible. Leveraging the Dutch Labor Force Survey, which is linked to the matched employer-employee dataset through an individual identifier, we find that a year of the CLA change is associated with a 20% rise in reported remote work, even after controlling for year fixed effects and sector-specific time trends. Additionally, we link the collective agreement data to the labor force survey, and find that change in WFH policies are associated with a 20% increase in WFH propensity but little other effects on

labor force outcomes.

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