Flexibility Works, helps business growth

Weekly Learnings 41 / 2025

Here's the latest Flexindex Quarter 3 report from the USA. Key points: FLEXIBILITY WORKS

1. 66 % of US companies offer flexibility, only 34 % want FTO (Full Time in Office)

2. Joint BCG research on this data base shows that fully flexible companies grow 1.7 X more than FTO companies over the time period 2019 to 2024

3. 71 % of Fortune 100 companies are flexible with 3 day hybrid as the most common policy

4. Flexibility is maximum in small companies with an employee count of less than 500.

5. Companies with less than 1000 headcount and with full flexibility are adding most headcount. As someone put it, FTO is becoming a synonym for redundancy and pink slips am get large companies.

6. 2.87 days is the average days expected in office and reality is below that.

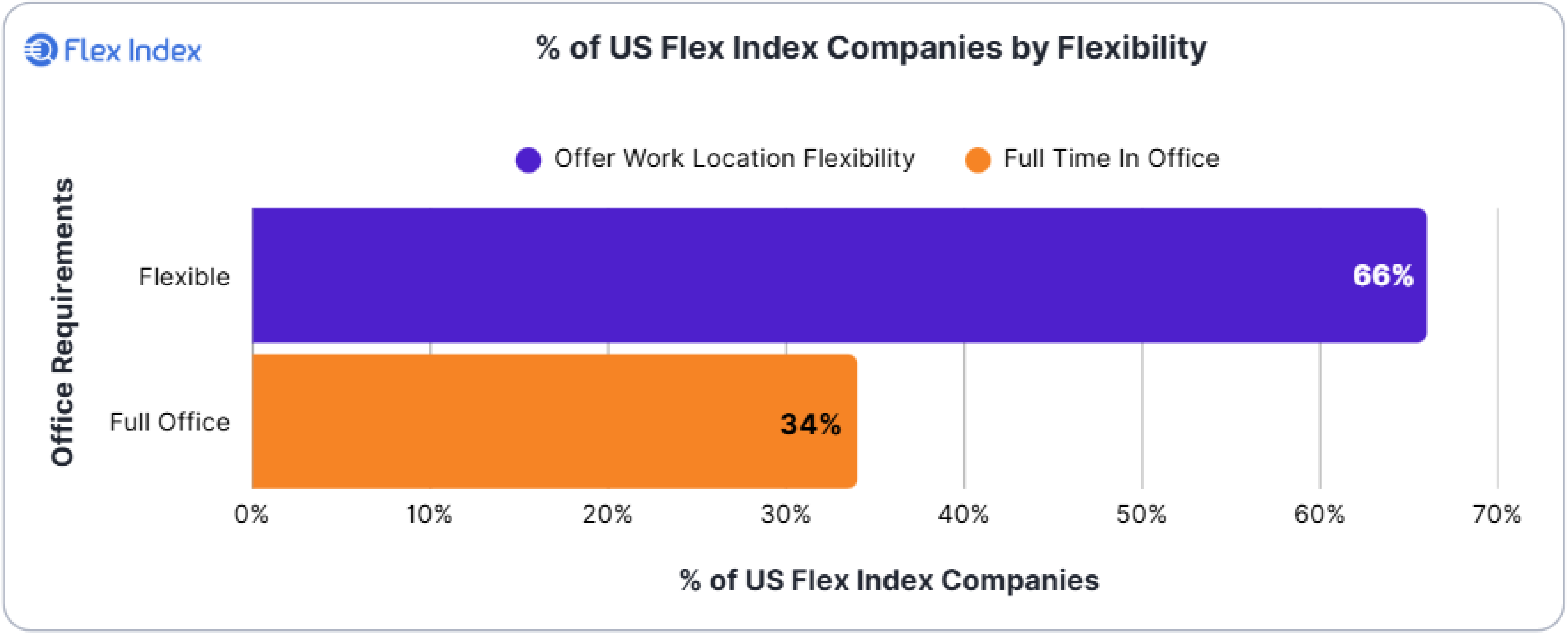
7. Tuesday, Wednesday and Thursday are the most preferred office days, preference is low on Friday and Monday.

8. The Top 5 flexible sectors are in services and the least are in services but with a human touch. Government remains the most inflexible.

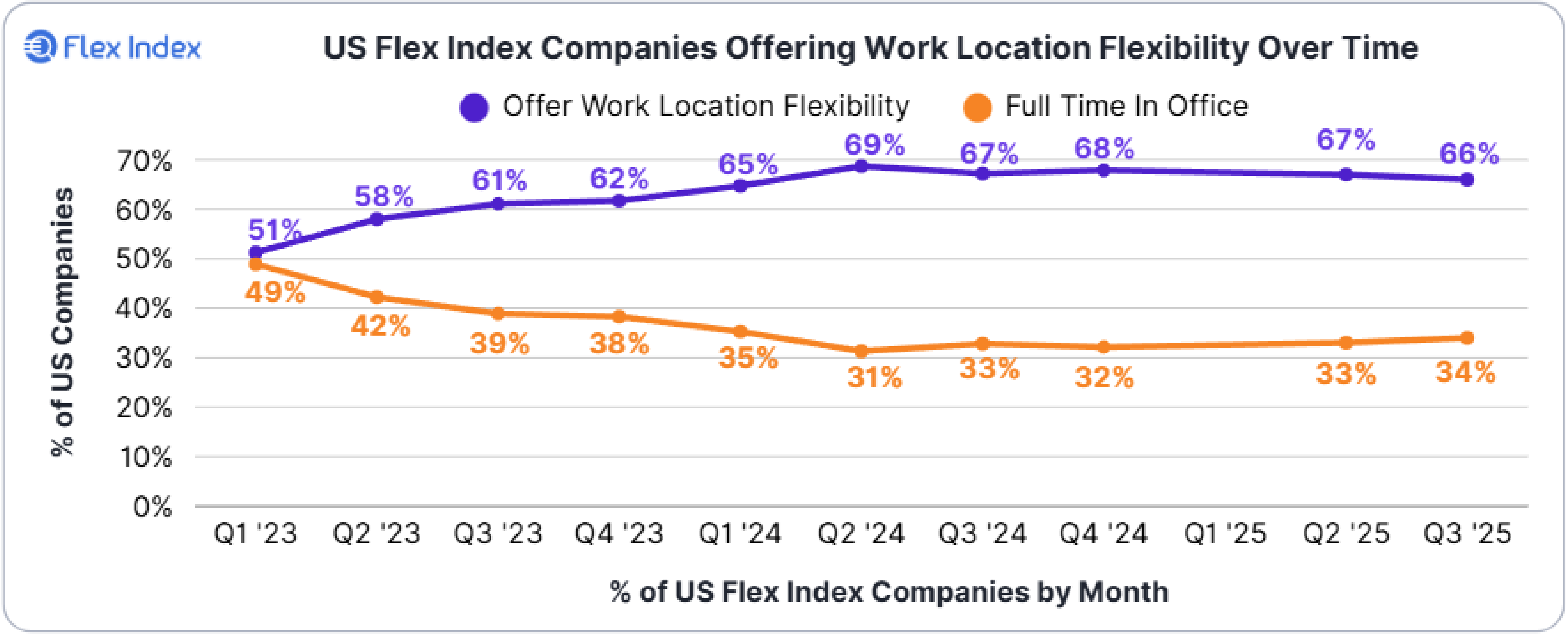
shiv
www.shivshivakumar.com
29 September 2025

Top level trends...

Adoption of Work Location Flexibility



Source: Flex Index (flexindex.com) employer-provided policy data and publicly available data on company office requirements for companies with headquarters in the US, N = 9,132 companies. Flex Index data has been re-weighted using the Current Population Survey industry data to better approximate the US working population.



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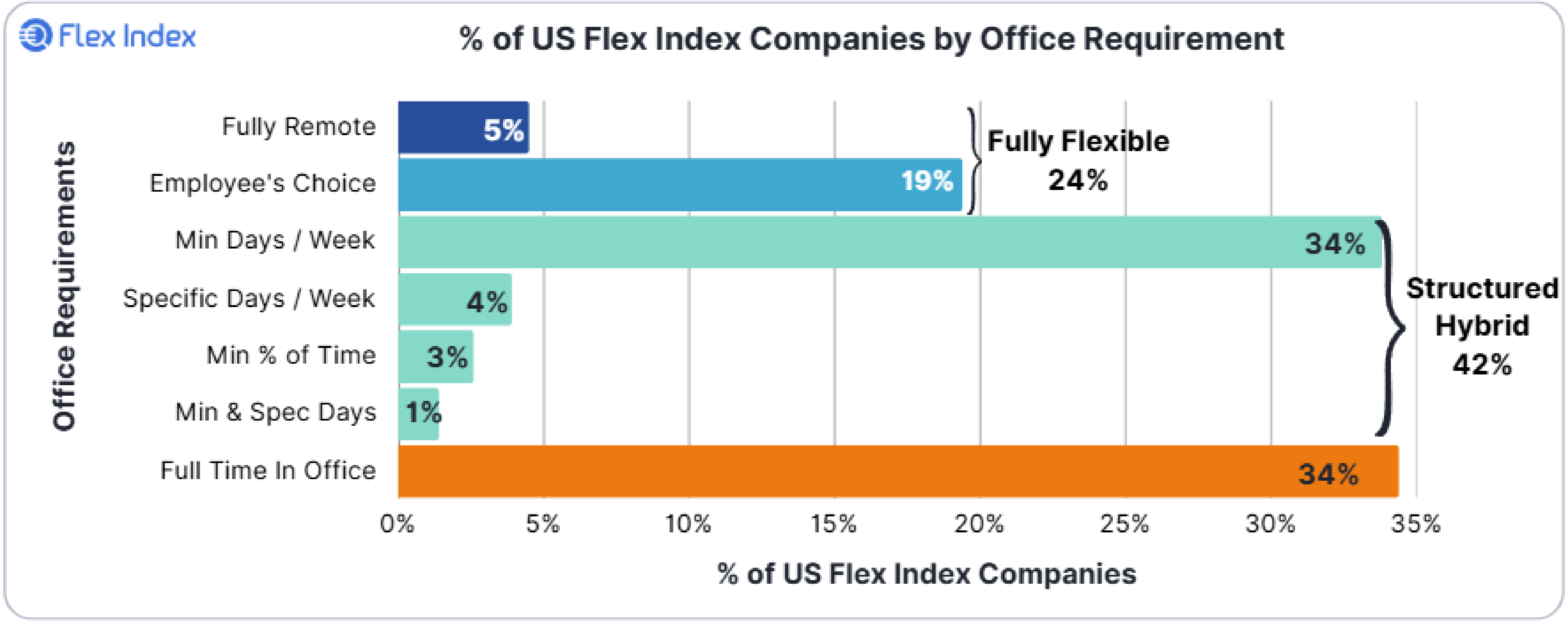

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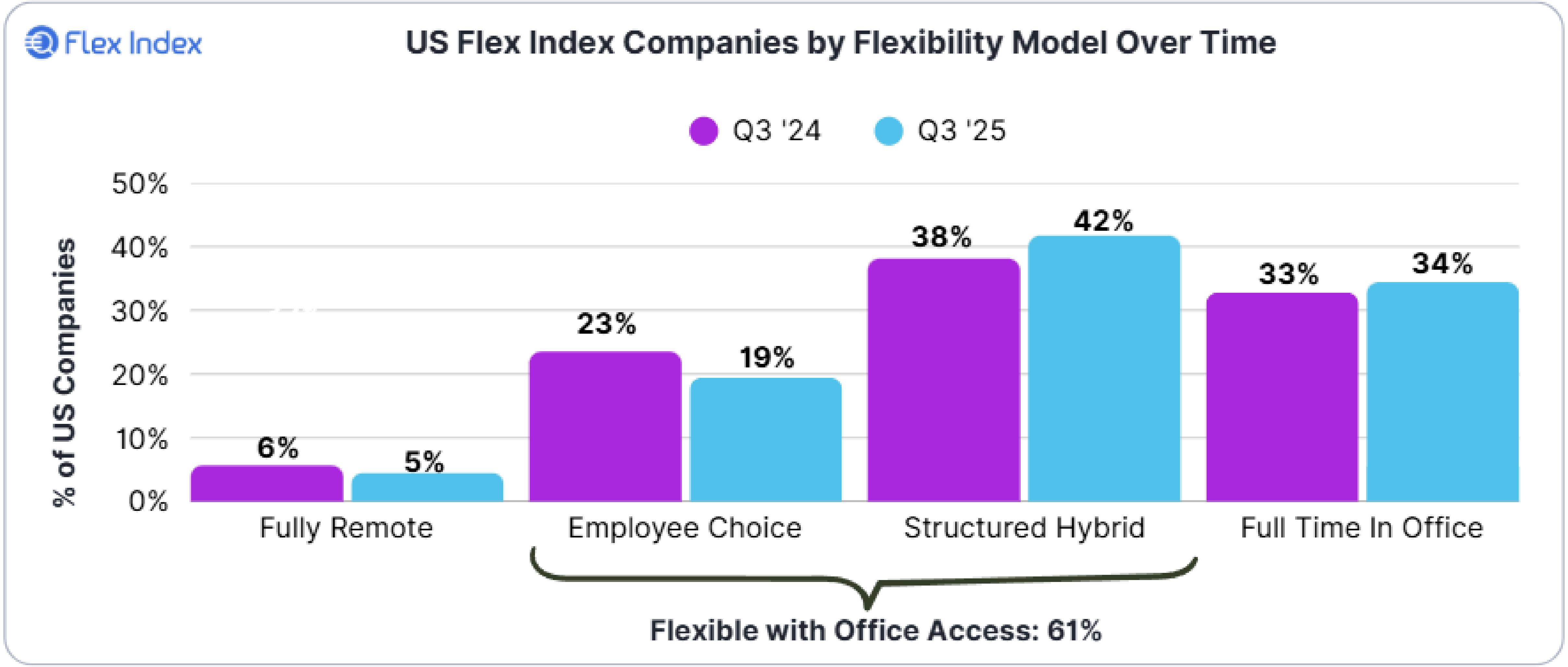

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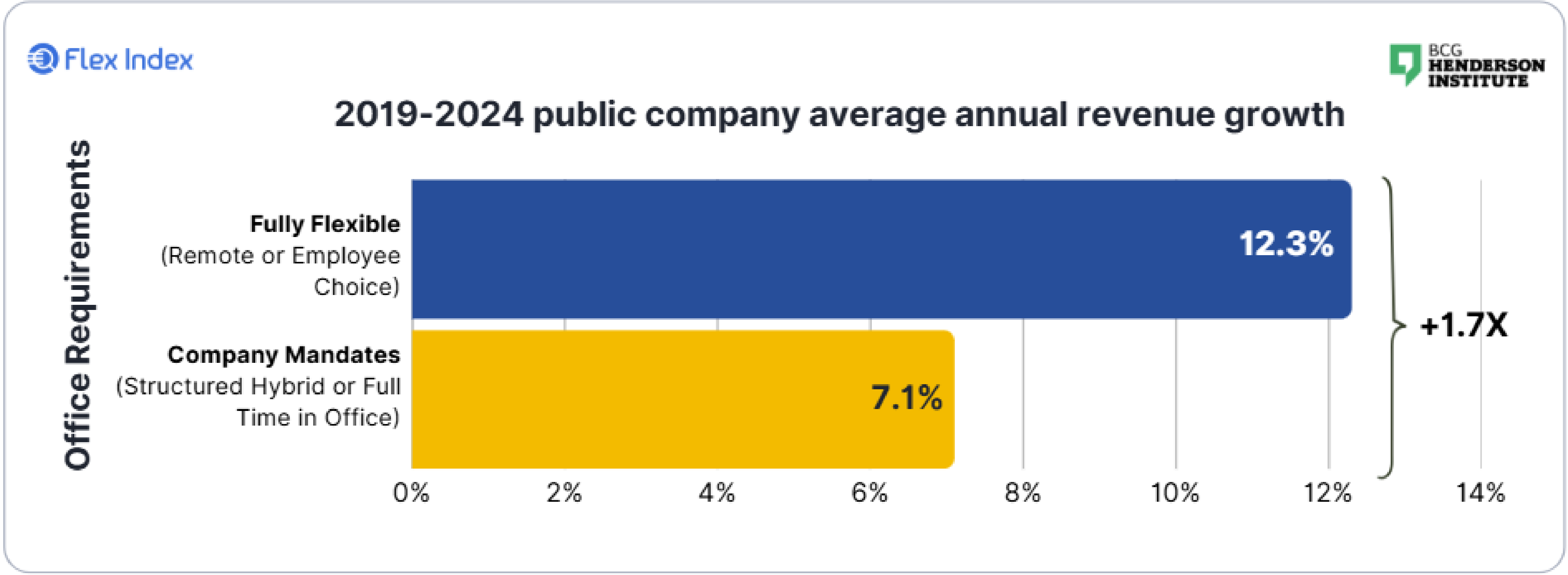
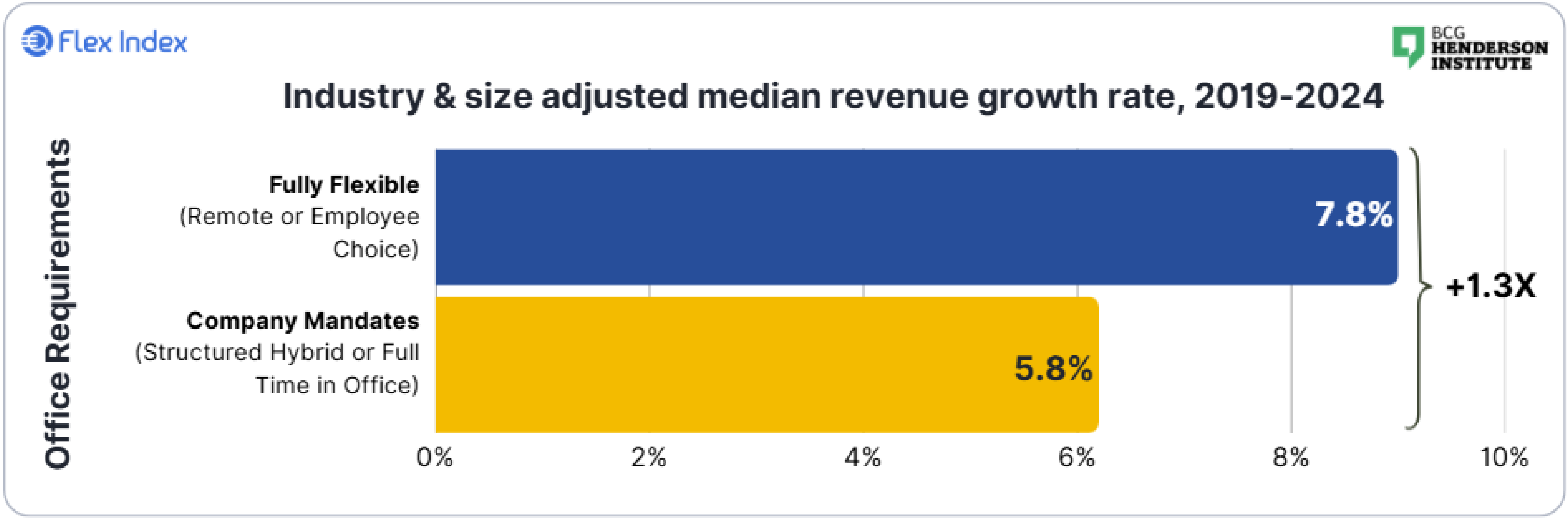
Spotlight on...

Flexibility, Growth and Productivity

Fully Flexible public companies grew at 1.7X the rate of those with a mandate.



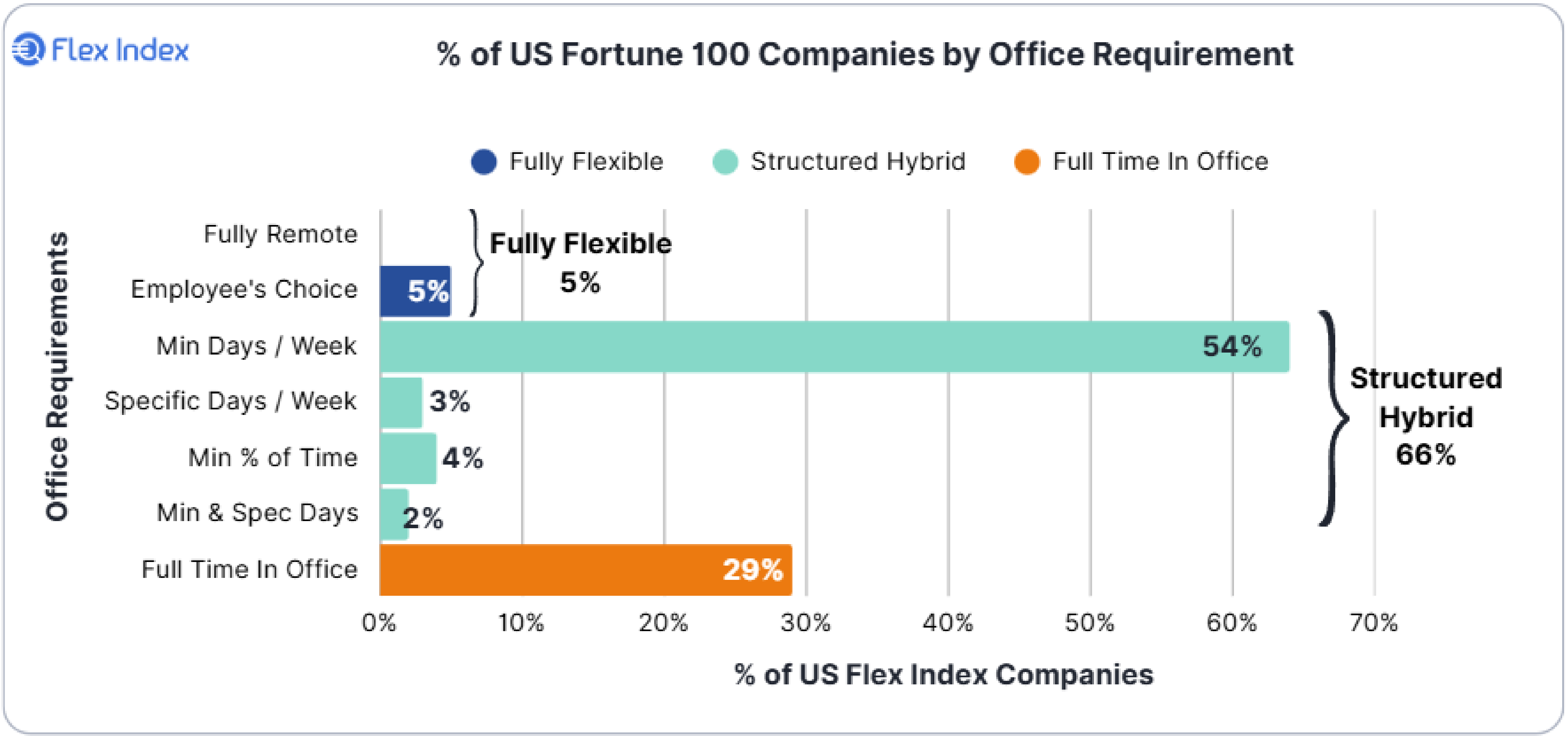
Source: Flex Index (flexindex.com) employee surveys and publicly available data on public company office requirements. Boston Consulting Group analysis on Flex Index public company revenue performance from 2020-2024. n=493 public companies.



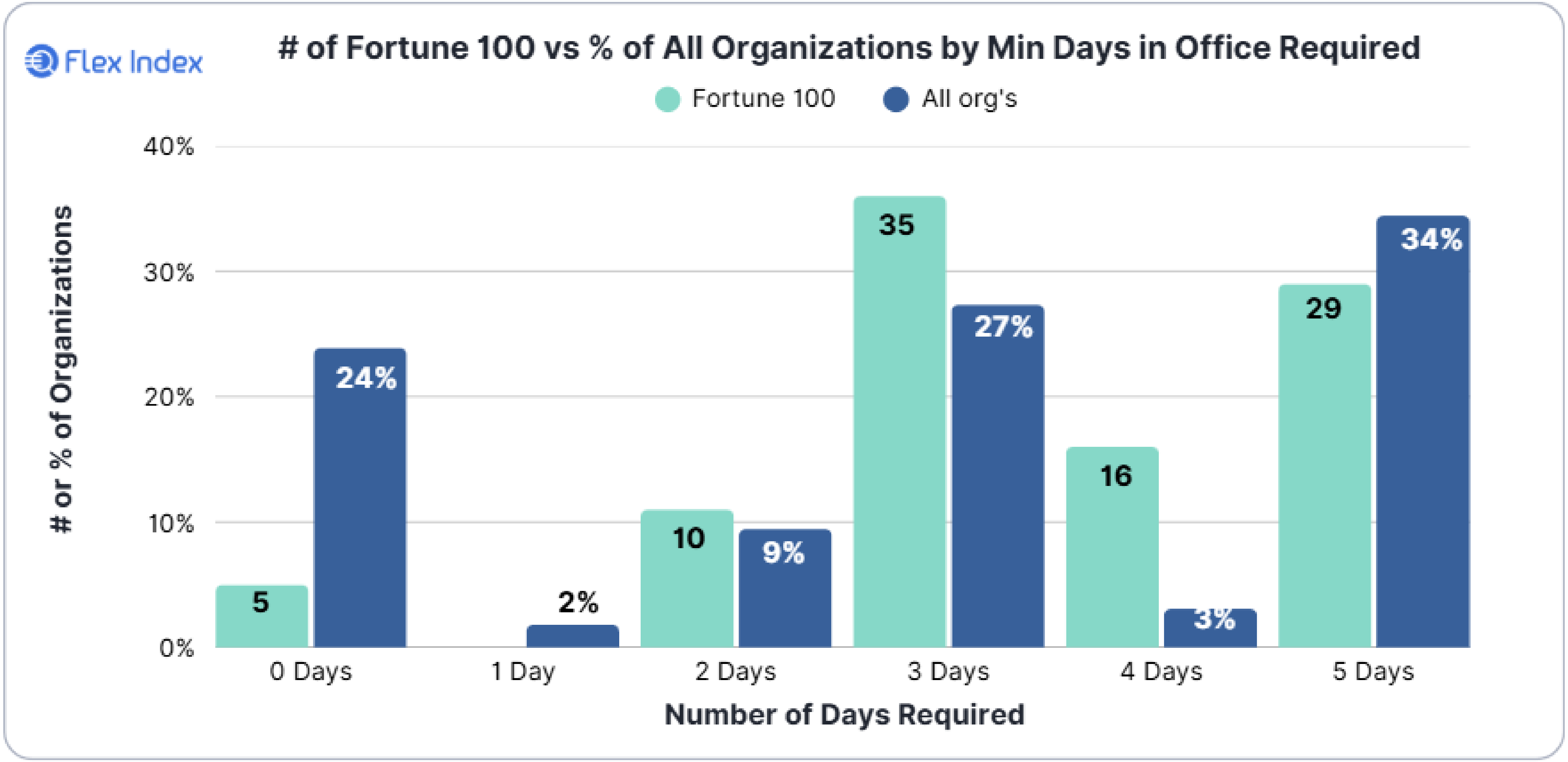
Source: Flex Index (flexindex.com) employee surveys and publicly available data on public company office requirements. Boston Consulting Group analysis on Flex Index public company revenue performance from 2020-2024. n=493 public companies. Median quantile regression on industry, revenue size and employee size yields a 2.01 median percentage point higher growth rate for Fully Flexible companies, p=0.026

Spotlight on...

Workplace Flexibility in the Fortune 100

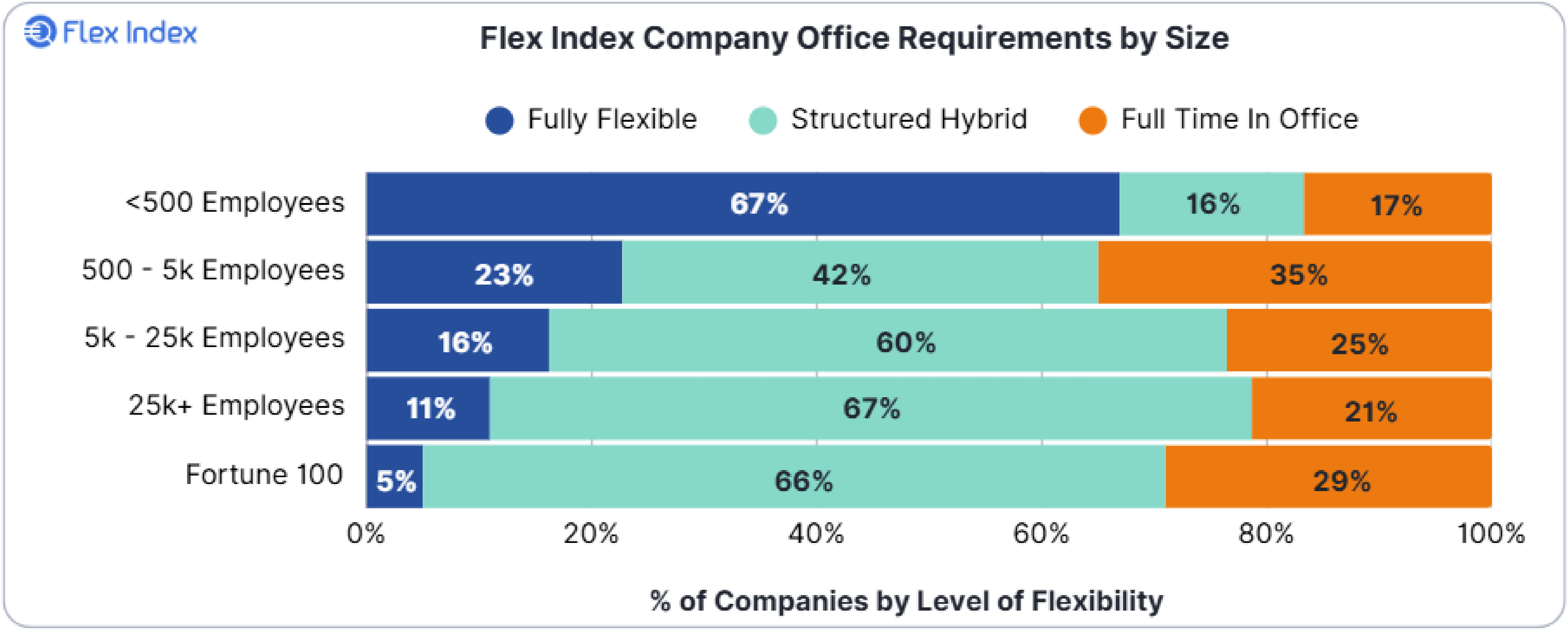


Source: Flex Index (flexindex.com) employer-provided policy data and publicly available data on company office requirements for companies with headquarters in the US, Fortune 500 companies. N = 99 companies (Berkshire Hathaway allows portfolio companies to set their own policies).



Source: Flex Index (flexindex.com) employer-provided policy data and publicly available data on companies with headquarters in the US with Structured Hybrid office requirements. N = 99 companies.. (Berkshire Hathaway allows portfolio companies to set their own policies) and two firms currently utulize % of Time models at 50%.

Flexibility by Company Size



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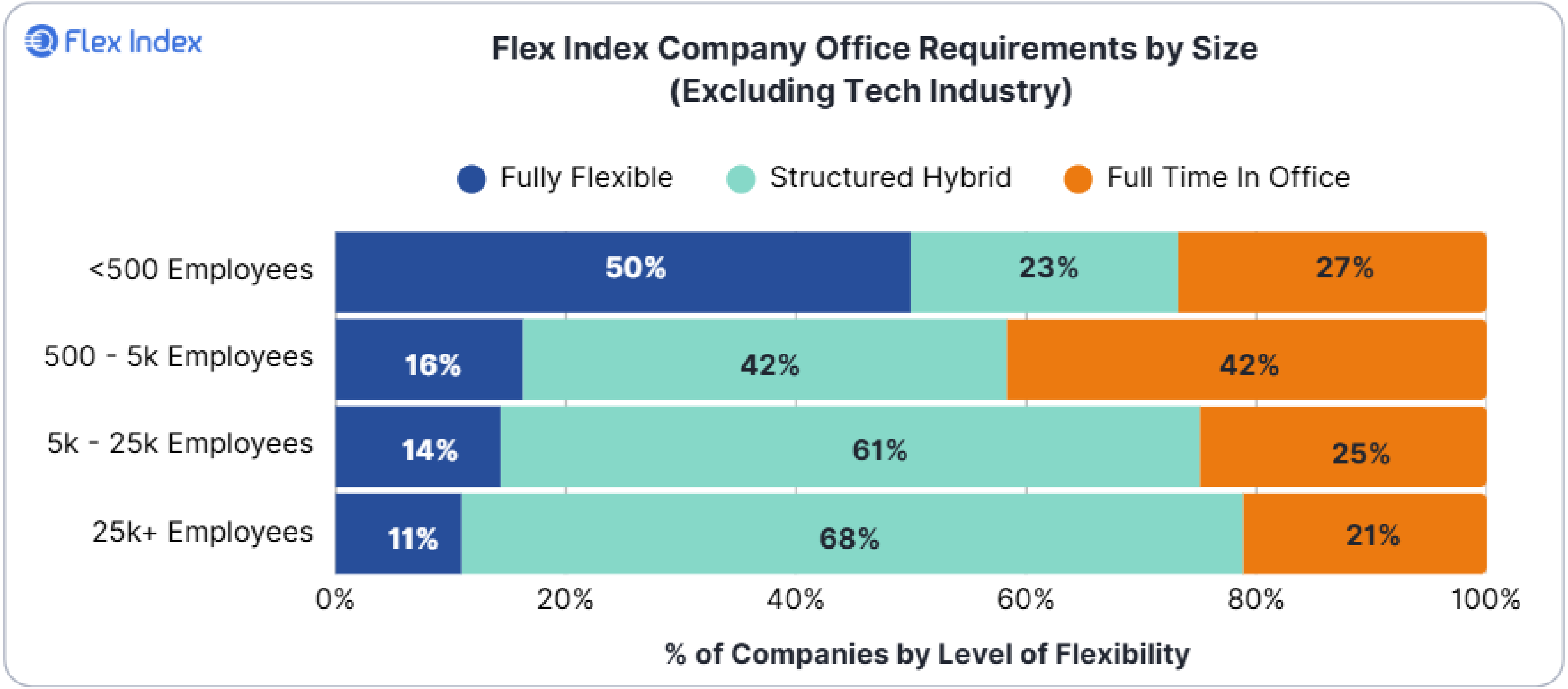
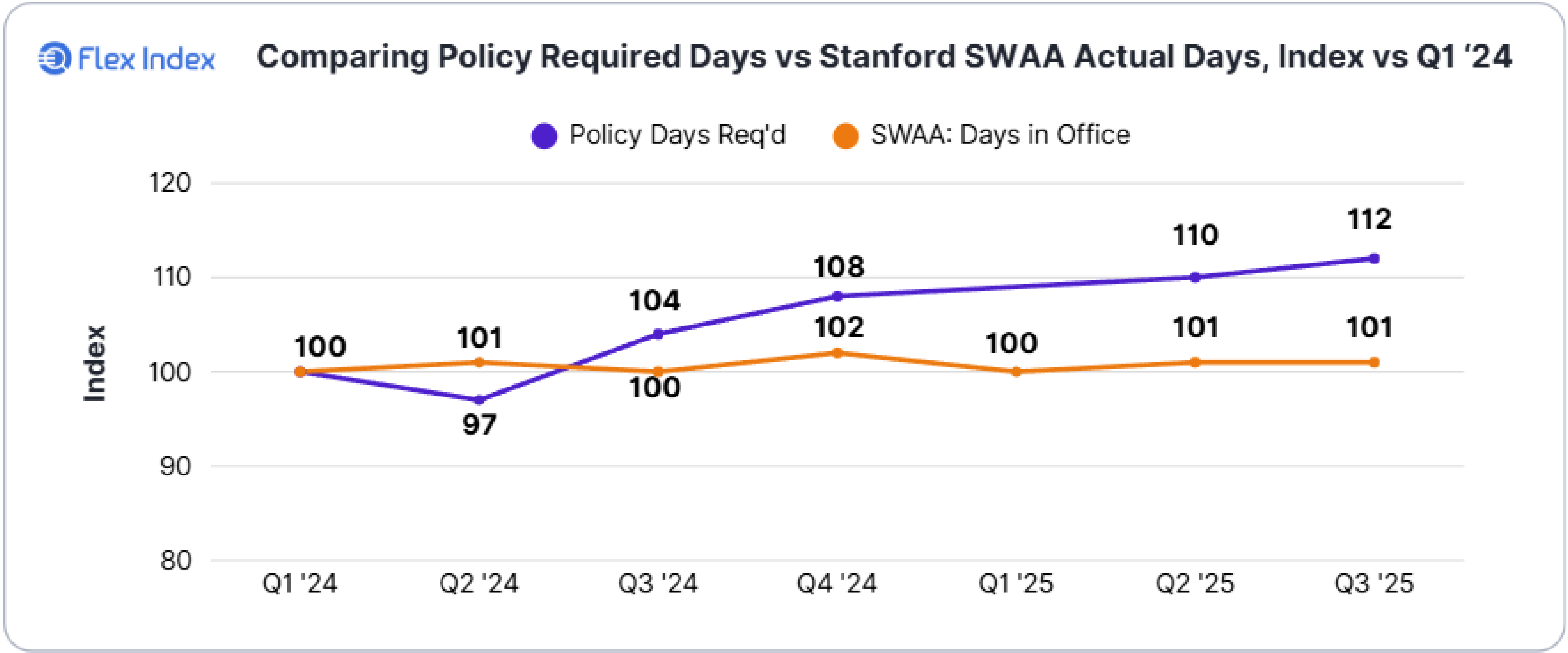


Source: Flex Index (flexindex.com) employer-provided policy data and publicly available data on company office requirements for companies with headquarters in the US, N = 6,631 companies.

Spotlight on...

Policy versus Compliance



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FLEXIBILITY BY COMPANY SIZE

Employment growth, or the lack of it, is the other key factor in office utilization.

As Stanford's Nick Bloom has pointed out, one of the reasons why their data shows that work from home levels are fairly flat while headlines are dominated by RTO announcements is the Composition Effect: the firms demanding more days in office aren't growing, while smaller, more flexible companies are increasing net employment.

Using Bureau of Labor Statistics data, for the first half of 2025 **nearly all of the net change in employment in the US came from firms with under 1,000 employees.**

Establishment size (# empl)	Added (Hires)	Laid off	Quits	Total separations	Net change
<1,000 *	28,240,000	7,840,000	19,070,000	27,261,000	979,000
1,000–4,999	1,624,000	577,000	1,049,000	1,671,000	-47,000
5,000+	464,000	130,000	276,000	412,000	52,000
TOTAL	30,328,000	8,547,000	20,395,000	29,344,000	984,000

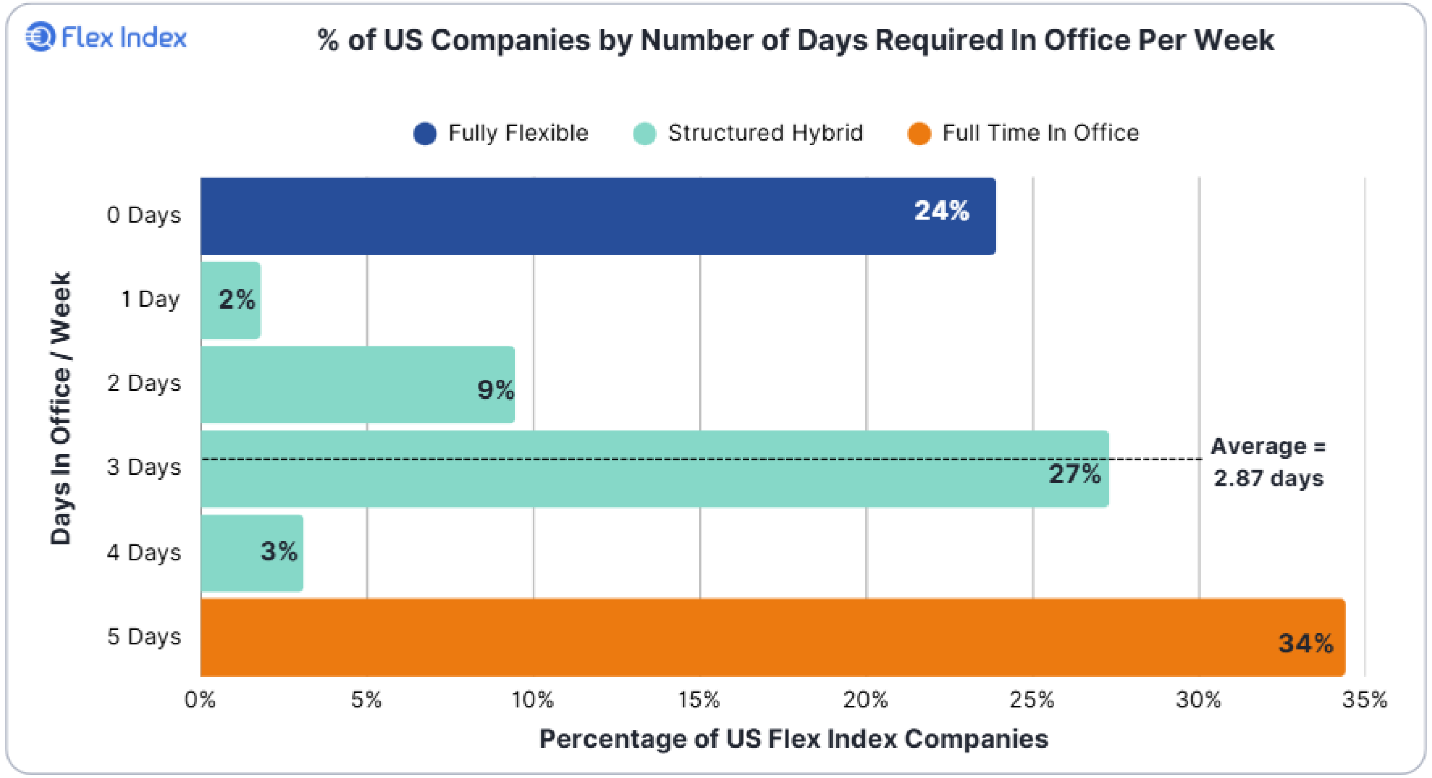
Source: BLS JOLTS data YTD (Jan-Feb, Mar-Jun) aggregate of BLS reports; <1,000 aggregates establishments with 1–9, 10–49, 50–249, and 250–999 employees

The growth differentials are stark when compared to who is most likely to be demanding stricter return to office standards. Based on Flex Index data for Q3:

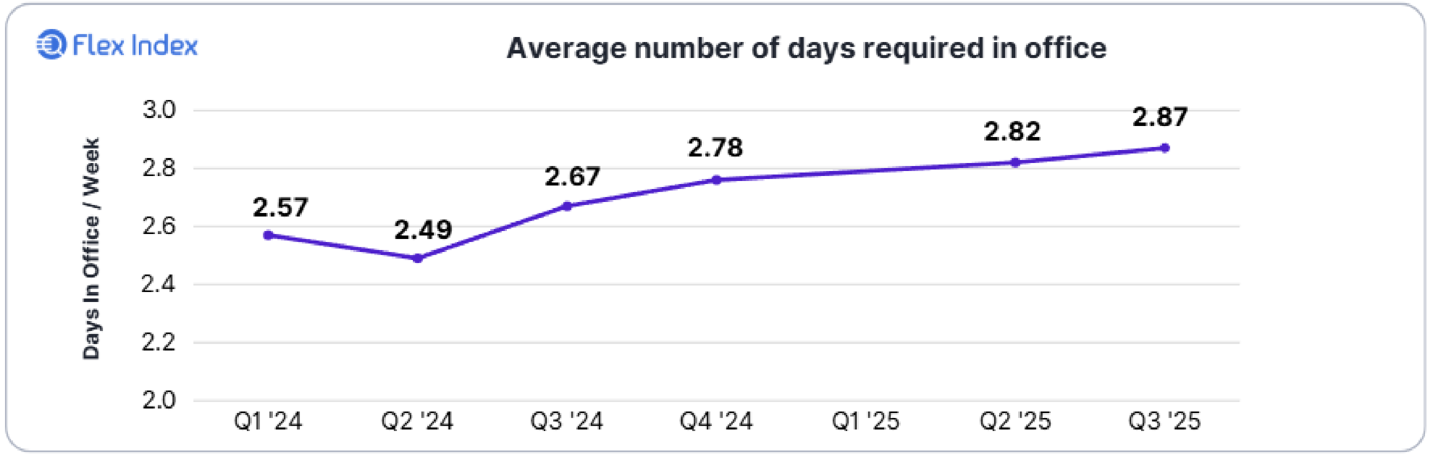
- 45% of the Fortune 100 are now asking employees to be in the office 4 or 5 days a week.
- 67% of firms with <500 employees are Fully Flexible.

The starkest contrast comes in the Federal government, where agency demands to return to 5 days a week in the office were pared with headcount reductions.

Changes in Policy Days Required



Source: Flex Index (flexindex.com) employer-provided policy data and publicly available data on company office requirements for companies with headquarters in the US, N = 8,709 companies. Flex Index data has been re-weighted using the Current Population Survey industry data to better approximate the US working population.



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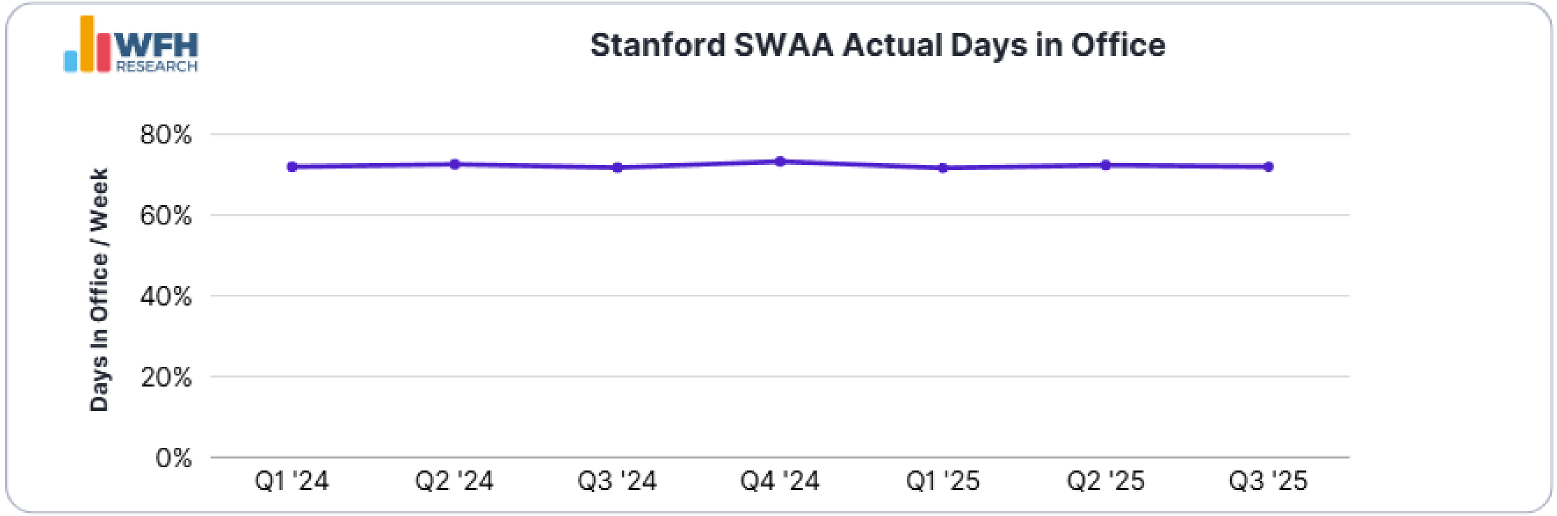
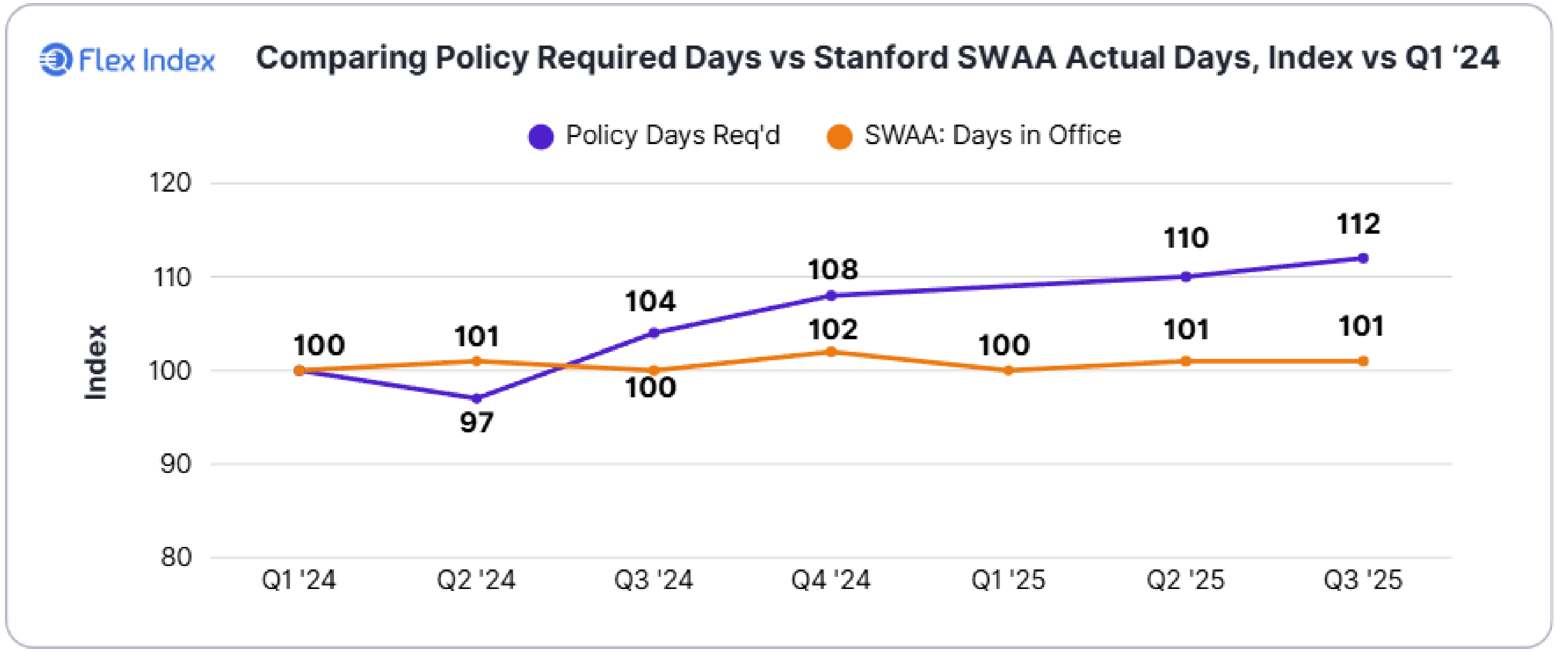


Source: Source: Barrera, Bloom & Davis Survey of Working Arrangements and Attitudes (SWAA), Full Time employee reported actual days WFH including frontline employees (those without workplace flexibility); see www.wfhresearch.com

Indexing both data sets against Q1 2024, we can see the growing gap between policy and compliance.



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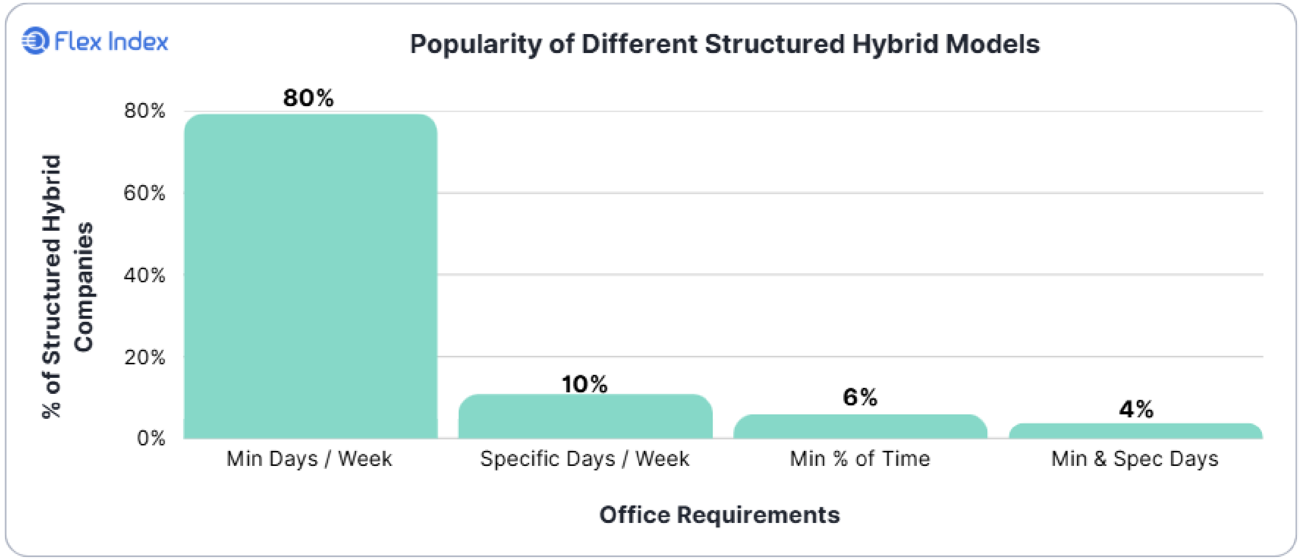
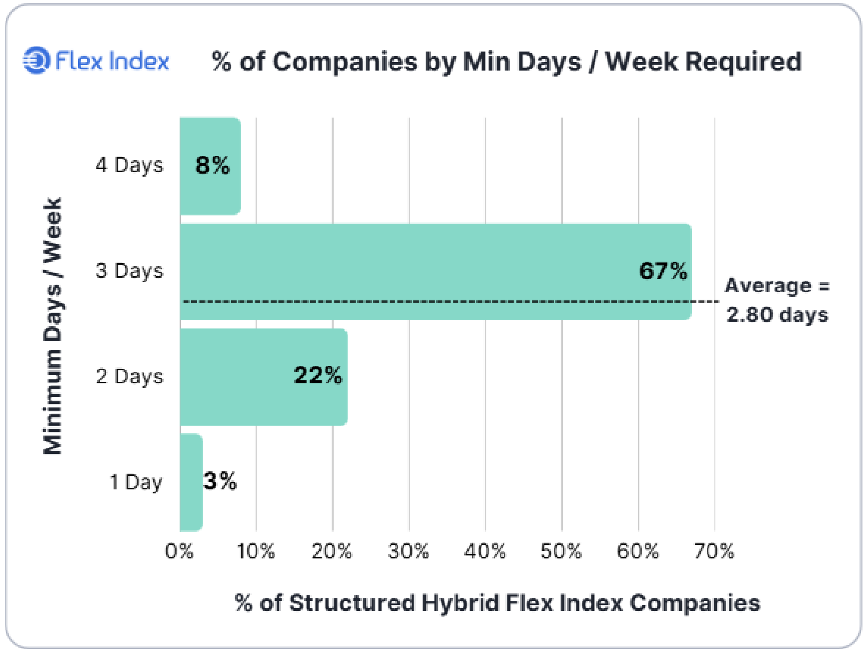


Source: Flex Index (flexindex.com) employer-provided policy data and publicly available data on companies with headquarters in the US with Structured Hybrid office requirements. N = 3.400 companies.

Among Structured Hybrid firms, there's been a notable shift towards 3 and 4 day a week policies, up from 62% of firms in Q3 '24 to 75% of firms this quarter. The vast majority of that shift has been towards 3 days a week, up to 67% from 56% last year.

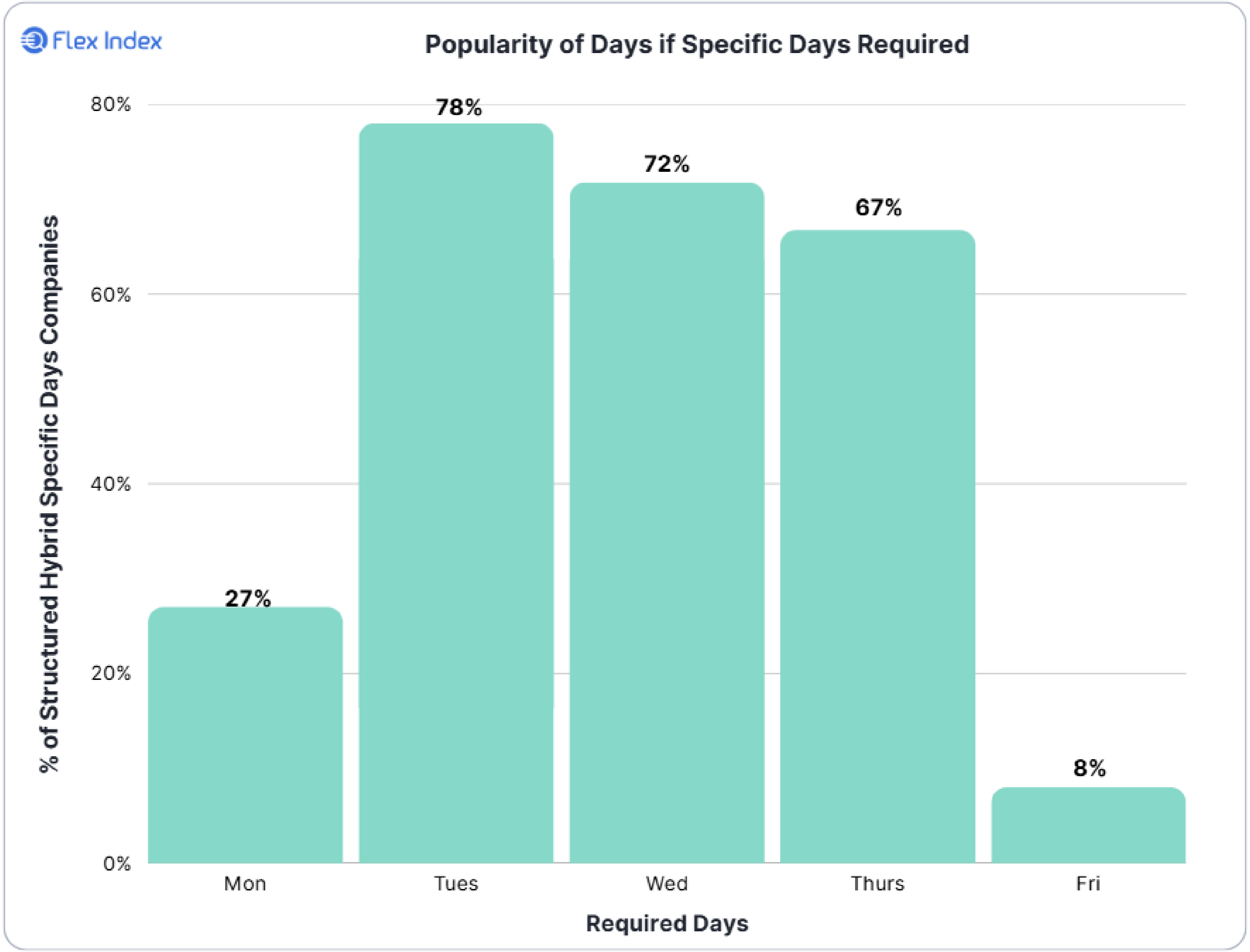


Source: Flex Index (flexindex.com) employer-provided policy data and publicly available data on companies with headquarters in the US with Structured Hybrid office requirements. N = 2.859 companies.

Good to Know

The average company with a Minimum Days / Week policy requires employees in the office 2.8 days per week.

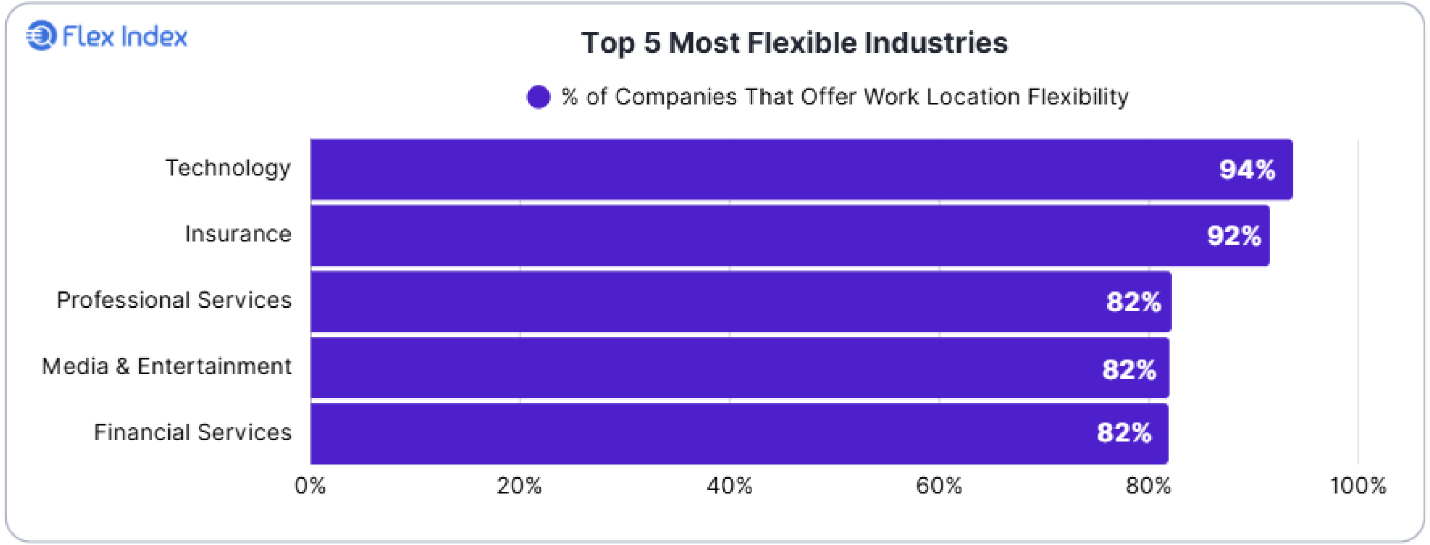
That's up from 6% from 2.63 days per week in Q3 2024.



Source: Flex Index (flexindex.com) employer-provided policy data and publicly available data on companies with headquarters in the US with Structured Hybrid and specific days office requirements. N = 401 companies.

Flexibility by Industry

FLEXIBILITY BY INDUSTRY



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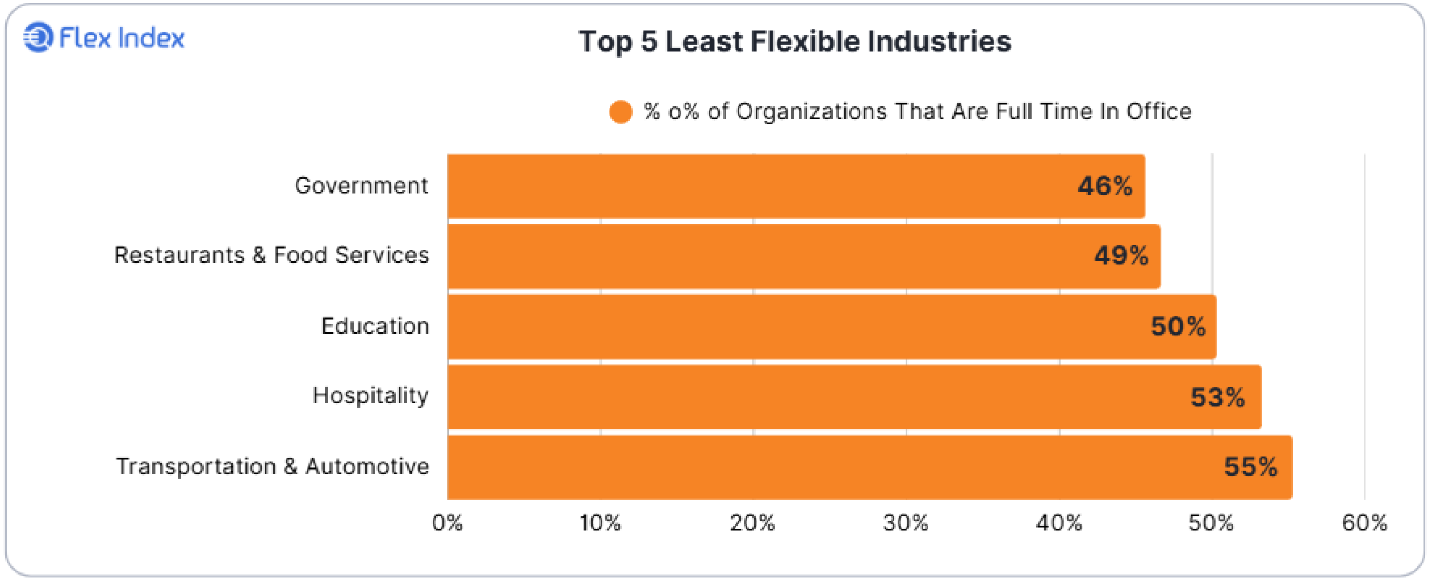

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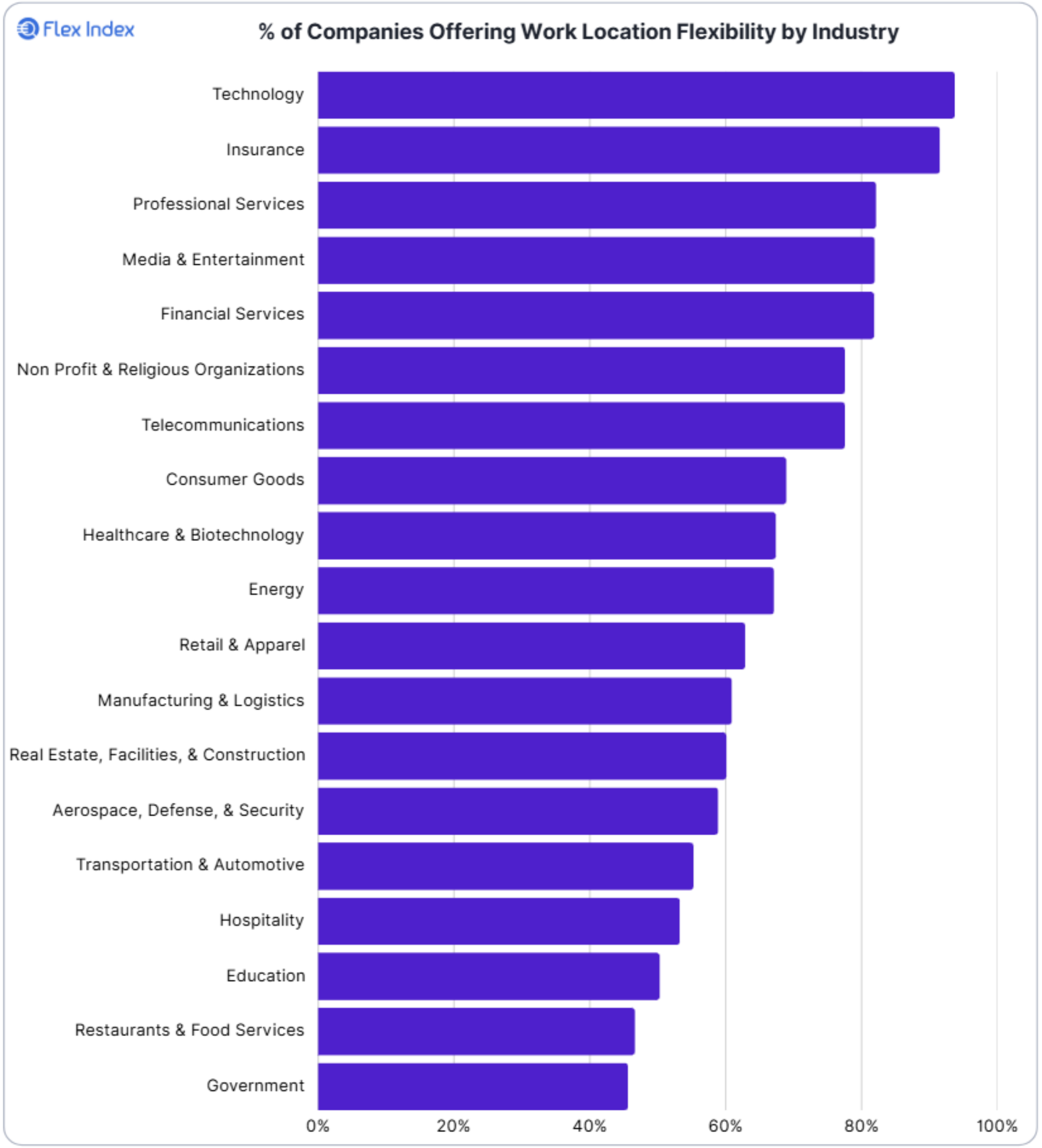

Source: Flex Index (flexindex.com) employer-provided policy data and publicly available data on company office requirements for companies with headquarters in the US, N = 8,561 companies.