

EMBEDDING NEW WAYS OF WORKING

Implications for the
post-pandemic workplace

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Embedding new ways of working: implications for the post-pandemic workplace

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Acknowledgements

This report was written by Ian Brinkley, Ben Willmott, Mark Beatson and Gerwyn Davies at the CIPD. We would like to thank colleagues who carried out interviews and the many employers who took part in the research for this report. These include the 1,046 establishments that responded to the survey and the 15 organisations that took part in in-depth interviews.

In addition, we would like to thank the Department for Business, Energy and Industrial Strategy who helped fund the project.

Publication information

When citing this report, please use the following citation:

CIPD. (2020) *Embedding new ways of working: implications for the post-pandemic workplace* London: Chartered Institute of Personnel and Development.

Introduction

The COVID-19 pandemic has had a profound impact on the labour market. It has led to a substantial reduction in economic activity, which has substantially reduced demand for labour. Social distancing rules have meant that employers have had to adapt their working practices.

In this report we therefore focus on how employers have been reacting to the pandemic during the period to the end of June 2020, by managing workforce costs, for example through freezing recruitment, furloughing staff, redundancies and wage flexibility. However, a major part of the response so far has been an unprecedented shift to homeworking, without which the economic and employment impacts of COVID-19 would have been much more severe.

This report shows that there is a high probability that there will be no return to business-as-usual post-crisis. The pandemic has probably changed for good the distribution of work between the regular workplace and home for many workers.

This report summarises the results of a special CIPD survey of over 1,000 employers as well as 15 in-depth interviews.

Economic situation and outlook

The labour market position remains unclear due to official statistics lagging events by two to three months, uncertainties over how reliable the usual measures of unemployment and employment are, and contradictions between a range of indicators including a number of ad hoc surveys by the Office for National Statistics (ONS). In addition, though, there is still a great deal of inherent uncertainty about future prospects, which itself colours the plans and behaviour of both employers and individuals.

Policy-makers and analysts are having to piece together a picture from different sources in an unprecedented downturn and with rapidly changing events. What seems to be clear to date is that there was a huge shock in April, with big cuts in hours and jobs and a rapid increase in claims for unemployment-related benefits, but that since then the labour market has been looking more stable, with some indicators such as new unemployment-related claims and redundancies moving back towards pre-COVID-19 levels.

It is impossible to say at the moment just how severe and prolonged the downturn will be and what the recovery will look like. The normal uncertainty is compounded because the economic outcome depends very much on the progress in containing the virus. Much will depend on the decisions by individual organisations and businesses between now and the end of 2020 and, for understandable reasons, many employers are still in wait-and-see mode. There is also uncertainty about the outcome of the current negotiations on trade relationships with the EU after Brexit and their likely impact on short-term economic prospects.

Most analysts expect a second spike in redundancies in October as the Coronavirus Job Retention Scheme (JRS) comes to an end, but there is little agreement beyond that. The alphabet has been plundered to try to describe the shape of the recovery. Commentators have variously suggested that the current downturn will resemble the recessions of the 1980s, the 1990s or the 2000s, depending on their degree of pessimism.

There is widespread agreement that the JRS has broadly achieved its wider objectives of avoiding many redundancies. But some are concerned that the schemes are being withdrawn prematurely, especially for those sectors where government-imposed restrictions severely hamper economic activity. The Government has announced new measures to help employers after the scheme has ended, including some sector-specific measures and a subsidy for new jobs created at NMW rates between now and January 2021.

Among some of the reasons for cutting back on the schemes is concern that they will increasingly be propping up jobs that are not viable, wasting cash that could be put to better use supporting jobseekers and disadvantaged groups and encouraging new job formation. In addition, some argue that this downturn was not caused by structural problems such as the financial crisis and therefore recovery will be swifter than previous recessions as restrictions on economic activity are eased. The Government has also stated that it does not envisage a return to austerity which some economists felt delayed the economic recovery after 2010.

The CIPD has argued there is a strong case for an extension of the JRS beyond the end of October for sectors such as hospitality, transport and leisure, because whatever the outcome for the economy in general, these sectors will remain badly affected by ongoing restrictions on activity, meaning many businesses will have to continue to operate at a fraction of their normal capacity.

Employer response to the pandemic

The employer response to the economic impact of the pandemic at the time of the survey in June is similar to the last downturn when organisations used wage flexibility and recruitment freezes to mitigate some of the impact on employment. A major difference is that employers also had the option of placing employees on furlough through the JRS. This has clearly prevented a large number of redundancies, a point underlined by many case studies; but the exact impact is as yet unknown. A summary of employer actions is set out in Table 1.

Table 1: Actions by employers in response to the impact of COVID-19 (%)

	Yes	Not yet but planning to	No and not planning to	Don't know
Freeze recruitment	49	2	44	5
Redeployment	42	11	42	5
Make redundancies	11	19	60	10
Increase recruitment	10	9	73	7
Used the JRS/plan to use	52	2	44	2
Seek JRS support next 4 months	41	2	48	9
Freeze/delay wage rises	37	8	44	11
Reduce wages (some or all)	16	7	69	9
Increase wages (some or all)	10	9	71	9
Cut non-wage benefits	7	6	79	9
Shorter working week	19	11	62	8
Increased hours	11	5	78	6

Note: answer to question 'Which of the following measures, if any, has your organisation taken or is planning to take in response to the impact of the Coronavirus (COVID-19)?' n=1,046

Recruitment, redeployment and redundancy

Many employers have frozen recruitment or are planning to (51%), but significant numbers have not (44%) and some of those who have not have already increased or are planning to increase recruitment (19%). Many organisations also made use of redeployment on a temporary basis within the organisation, reported by 42% of employers and planned by another 11%.

Wage flexibility

There has been significant wage flexibility in the employer response to date, with 37% of firms saying they had frozen or delayed wage increases and another 8% saying they were planning to do so. Some 16% said they had cut wages for some or all of their staff and another 7% were planning to do so (note that these categories can overlap, as some companies will have delayed wage rises or imposed wage freezes for some staff and cut wages for others). However, relatively few employers have made or are planning to make cuts in non-wage benefits at 7% and 6% respectively. A significant minority said they had or were planning to increase wages for some or all of their staff (overall 19%).

Among private sector employers, 48% had frozen or delayed wage increases as had 35% of voluntary sector employers, compared with 9% across the public sector. Similarly, while 20% of private sector employers and 9% of voluntary sector employers had cut wages for some or all of their staff, the share was 2% across the public sector.

Wage-freezing was even more widely adopted among JRS-supported employers. Over half (53%) of JRS-supported employers said they had frozen or delayed wage rises for some or all of their staff, with another 10% planning to do so. This compared with 23% and 6% for non-JRS-supported employers respectively. Wage cuts for some or all employees were made by 26% of JRS-supported employers with another 12% planning to do so, compared with 7% and 2% respectively for non-JRS-supported employers.

Table 2: Wage flexibility, by JRS support (%)

Freeze/delay wage rises	All employers	JRS-supported	Non-supported
Have done so	37	54	23
Not yet but plan to	16	10	6
None and not planned	44	26	60
Don't know	11	10	11
Cut wages			
Have done so	16	26	7
Not yet but plan to	7	12	2
None and not planned	69	55	84
Don't know	9	7	7

Wage cuts, delays and freezes have been most extensive in some higher value-added services, notably business and information services, but less common in financial services and manufacturing and production. At the same time, higher value-added services are less likely to have made redundancies. Some 40% of employers in business services reported wage cuts and 59% reported wage freezes and delays. In information and communication services, some 20% of employers reported wage cuts and 63% reported wage freezes or delays. In contrast, only 12% of employers reported cutting wages in financial services while 30% imposed wage freezes and delays. Wage cuts and freezes were also less common in manufacturing and production, with 12% of employers reporting a cut and 30% reporting wage freezes and delays.

In some low-wage sectors, the ability to cut wages will be limited by the NMW floor on hourly rates. The rapid rise in the NMW as a share of average earnings since 2008–10 means it will be a bigger constraint than in the last recession. Wage cuts were reported by 28% of employers in other services, 21% of employers in distribution and real estate and 26% of employers in hospitality (small sample size means the last result may not be reliable). This is somewhat higher than the private sector average of 20%. Wage freezes or delays were reported by 46% of employers in distribution, 44% in other services, and by 66% of employers in hospitality (again, small sample size). This is also higher than the private sector average of 40%. So, while the NMW may well have prevented bigger cuts in wages or more wage freezes, employers are still reporting a significant degree of wage flexibility across the lower-wage sectors.

Table 3: Wage cuts, freezes and delays by sector (%)

	Wage cuts	Wage freezes and delays
Private sector	20	44
Voluntary sector	9	35
Public sector	2	9
All employers	16	37
Business services	40	59
Other services	28	44
Distribution and real estate	21	46
Information and communication	20	63
Financial services	12	30
Manufacturing and production	12	39
Public administration	8	6
Education	6	15
Healthcare	2	31

Note: sample size too small for reliable results for: hospitality (n=25), where 26% said they had cut wages and 66% had frozen or delayed wage rises; and transport and storage (n=38), with 12% and 24% respectively.

At the same time, two of the three case studies that have embarked on pay cuts since the onset of the pandemic report restricting salary cuts to senior employees only (a recruitment agency and a manufacturer). Meanwhile, a third employer (a transport operator), embarked on a 20% pay cut across the workforce in the expectation that this would lead to a four-day working week. However, the employer reports that the reality is that most people are working five days a week.

Hours flexibility

This shows that there has also been some flexibility of hours, though fewer employers have made use of hour flexibility compared with the share using wage flexibility. Some 19% of employers said they had cut the normal working week and another 11% said they planned to do so. A rather smaller share said they had increased hours (11%) or were planning to increase hours (9%).

Redundancy activity

Together with the reduction in hours, the survey data indicates that the JRS has kept more workers in their jobs than otherwise would have been. Only 11% say they have made redundancies to date. However, the incidence of redundancy is set to increase sharply, with another 19% saying they are planning to make them in the future. Overall, then, about 30% of firms at the time of the survey have made or are planning redundancies. There are, however,

large shares of employers who at the time of the survey were uncertain about whether they would have to make redundancies.

Additionally, two employers suggested that low-paid and less experienced staff would be impacted most from the redundancy activity, as summarised by the HR manager of a travel firm:

Redundancies are decided on the length of the service of employees and the cost to the company... I would say people in lower-paid positions and less experience such as those who work in shops.

Redundancy and the JRS

Over half of all employers (52%) said they were using the Government’s JRS scheme for all or some of their workforce. The share of current scheme users who say they will be seeking support over the next four months was 41%, with another 2% saying they were new to the scheme. So there has already been some exit from the scheme. As might be expected, redundancies are more common in firms supported by the JRS (see Table 4).

The extent of redundancy is more uncertain, with significant shares of employers unable at this stage to put a figure on the share of the workforce affected. In addition, these figures include planned numbers that in some cases will turn out to be more or less severe than anticipated. Over a fifth (22%) of JRS-supported employers had made or expected to make up to 10% of the workforce redundant compared with 9% of non-supported employers.

Under a fifth (18%) of supported employers had or expected to make 11–49% redundant compared with just 1% of non-supported employers. Very few employers expected redundancies to exceed 50% of the workforce. However, nearly a quarter (23%) of respondents who were JRS-supported either didn’t know or thought it was too early to tell what share of the workforce might be affected compared with 10% of non-supported employers.

Table 4: Extent of possible redundancies, by JRS support (%)

Share of workforce made or planned to be made redundant due to COVID-19	All employers (n=1,046)	JRS-supported (n=433)	Non-supported (n=500)
Up to 10%	15	22	9
11–24%	5	9	1
25–49%	5	9	–
50–74%	1	2	–
75% or more	1	1	1
None and none planned	56	35	79
Don’t know/too early to tell	19	23	10

Note: answer to question: ‘What level of permanent redundancies, if any, has your organisation already made or is planning to make as a result of the impact of coronavirus?’ JRS-supported employers are those who have used the scheme at the time of the survey and indeed continue to use it for the four months after the time of the survey.

Employee perspectives on job security

The CIPD’s [Impact of COVID-19 on working lives survey](#) looks at the employee experience during the pandemic. Our findings indicate that job insecurity is on the rise, particularly for furloughed workers, suggesting that many fear their job is at risk when the furlough scheme ends. In June, close to half (45%) of furloughed workers felt it likely they would lose their job in the next 12 months, compared to 14% of those still working as usual.

Furlough

Over 9 million jobs have been furloughed at some stage according to official data. For furloughed employees, the Government paid 80% of their income, up to £2,500 per month. According to [estimates](#), the share of workers that have been furloughed is around three times as high in the bottom fifth of the income distribution as in the top fifth.

The case study interviews shed light on some of the underlying factors behind the disproportionately high number of low-paid workers that have been selected to be furloughed. They also suggest that low-wage workers will be among the last to return to the workplace, which implies further financial penalties:

Cleaners and the admin staff are being furloughed... However, we are not extending it to the rest of the workforce because furlough is not attractive when it's 80% of £2,500. You know, these people are on a lot more money than £2,500. So, although you can claim and put people on furlough, we'd have to make up the wage anyway. I think it would cause more ill feeling and may lead to retention issues.

(Manufacturer)

Yes, it's the most senior people within the business [who] have their monies topped up to 100% and then the rest are on the 80% government scheme. (Restaurant)

Unfortunately, the lower-paid staff on furlough, the blue-collar staff, won't be returning until the last wave. It will have more of an impact on them financially and emotionally. (Travel operator)

Returning from furlough will be done gradually according to levels of seniority. So, the most senior person in the business will come off first followed by the second, third, fourth etc. (Restaurant)

Working from home

Before the lockdown, the UK had a relatively high level of occasional working at home compared with the EU average, at 18% of the workforce, but those employees who worked mostly at home were relatively rare, at just over 2%, according to [Eurostat](#). It also had a large and well-developed online consumer market by [international standards](#) and a reasonably advanced online market for business services. This has proved a major advantage in mitigating some of the impacts of lockdown as many employers were able to sell more of their output online and to have large shares of their workforce work from home.

Homeworking driven by the pandemic

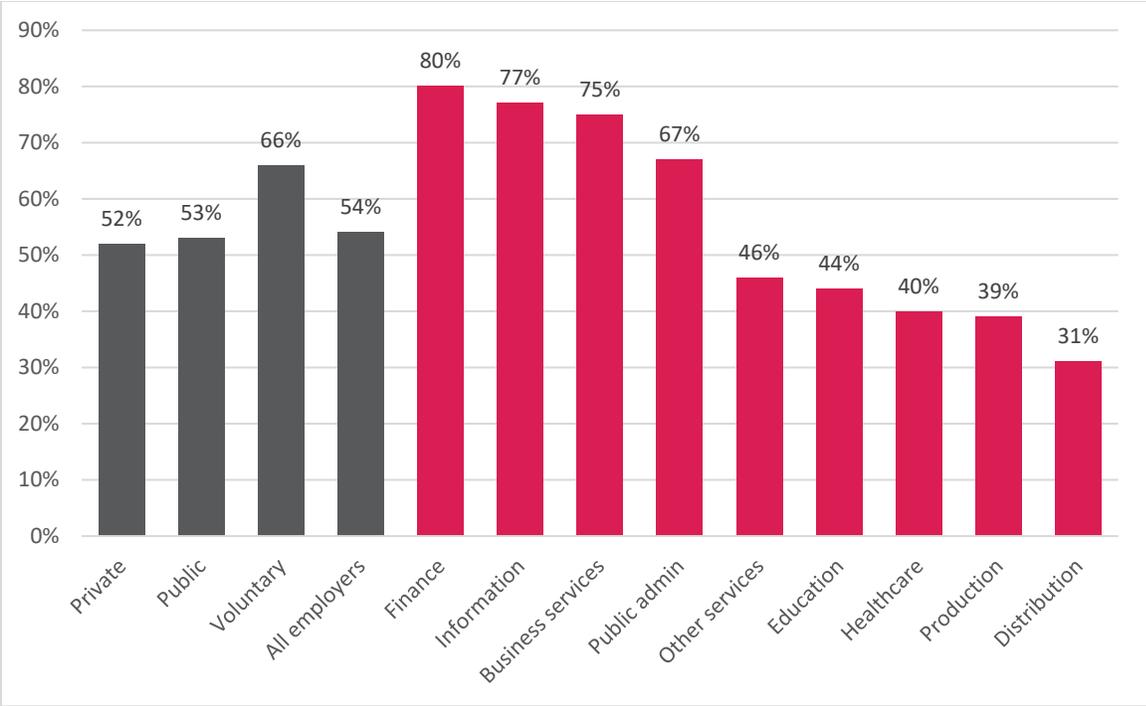
The survey shows there has been a major increase in homeworking over the course of the pandemic, with 35% of employers reporting that up to a quarter of their workforce is working continuously at home, over 40% reporting that 75–99% of their workforce now work continuously from home, and 21% saying that all of their workforce is continuously working at home because of the crisis. On average employers estimated 54% of the workforce was working continuously at home.

There is little difference between the private and public sectors overall, with 52% and 53% of the workforce respectively working continuously at home. The private sector was more likely to say

that all of the workforce was working continuously at home (21% against 11%). The voluntary sector has made even more use of homeworking, with an average 66% of the workforce working continuously during the pandemic and 34% of employers saying all of their workers were at home.

As expected, there were, however, some significant differences by sector (see Figure 1). Distribution had 31% of the workforce on average working continuously at home, while the production industries on average had 39%. Education, healthcare and other services were all between 40% and 46%. Meanwhile, public administration had 67% of staff working at home, and information services, financial services and business services all had 75–80% of their workforce working continuously at home during the crisis.

Figure 1: Share of workforce working from home continuously (%)



Note: sample size too small to be reliable for transport and storage (31%) and hospitality (19%). Production is manufacturing and production.

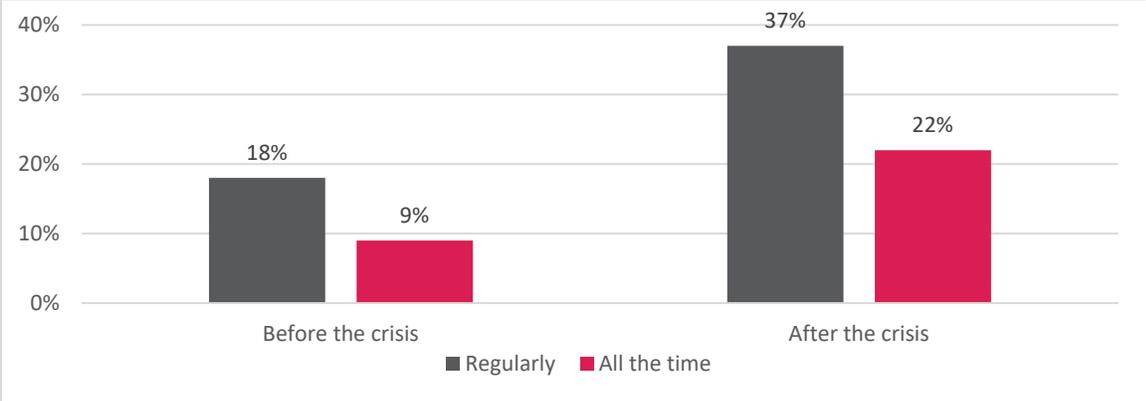
Homeworking before and after the crisis

The survey evidence suggests that after the crisis, many of these changes will stick, with a significant shift towards more working from home, possibly the biggest long-term shift in working patterns directly attributable to the crisis. The survey asked employers what shares of the workforce worked regularly at home (at least one day a week) and what share worked continuously at home. The survey also asked how this might change once the pandemic is over.

These are measures of intentions and should be seen as an upper limit. Not all employers will follow through and some will find it harder than they anticipated to move to more extensive homeworking. Even so, the direction of travel is very clear.

According to the survey data, working from home on a regular basis is expected to rise to 37% of the workforce on average, roughly double the pre-crisis incidence average of 18%. Employers on average expect 22% of their workforce will be working all the time at home after the crisis compared with just 9% before. This is shown in Figure 2.

Figure 2: Homeworking set for big increases post-crisis (%)

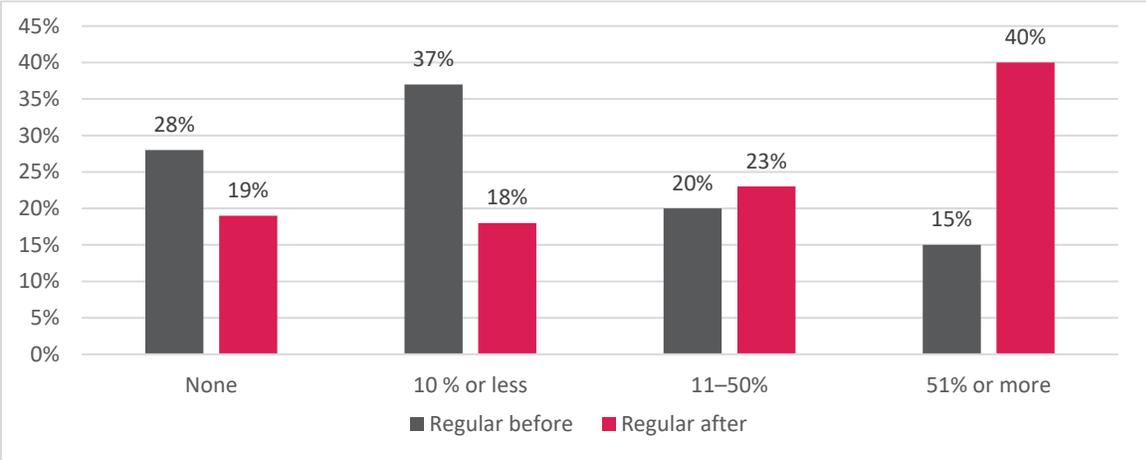


Notes: regular is at least one day a week. All figures average employer responses.

Employers’ expectations of a hybrid model

By looking at the distribution figures in more detail, the survey data tells us that many employers look set to jump from a modest share (or no working from home at all) to much more extensive working from home on a regular basis. Pre-crisis, 65% of employers either did not offer regular working from home at all or offered it to 10% or less of their workforce. After the crisis, that share is expected to fall dramatically to 37%. However, the big increase is at the other end of the scale. Before the crisis, just 15% of employers said that more than half their workforce worked regularly at home, but after the crisis some 40% of employers said they expect more than half their workforce to work regularly from home.

Figure 3: Distribution of regular homeworking (at least one day a week) before and after the crisis (%)



These findings are broadly consistent with the case studies, which suggest that the new pattern of working will persist to some extent, which will reduce the need for office space in some cases. This includes organisations who said they had little or no experience of working from

home prior to the onset of COVID-19. The following comments were typical of how supportive employers are of the switch to more working from home once the pandemic is over:

It's anticipated that many people will continue to work from home. The company is reviewing its leasing agreement as they are unlikely to now need an office that will accommodate 75 people each day. People will be encouraged to come to the office one or two days a week when the time is right to still feel part of the company, but they will largely work from home... people are also finding that they are financially better off working from home because they're not commuting. (Medium-sized transport operator)

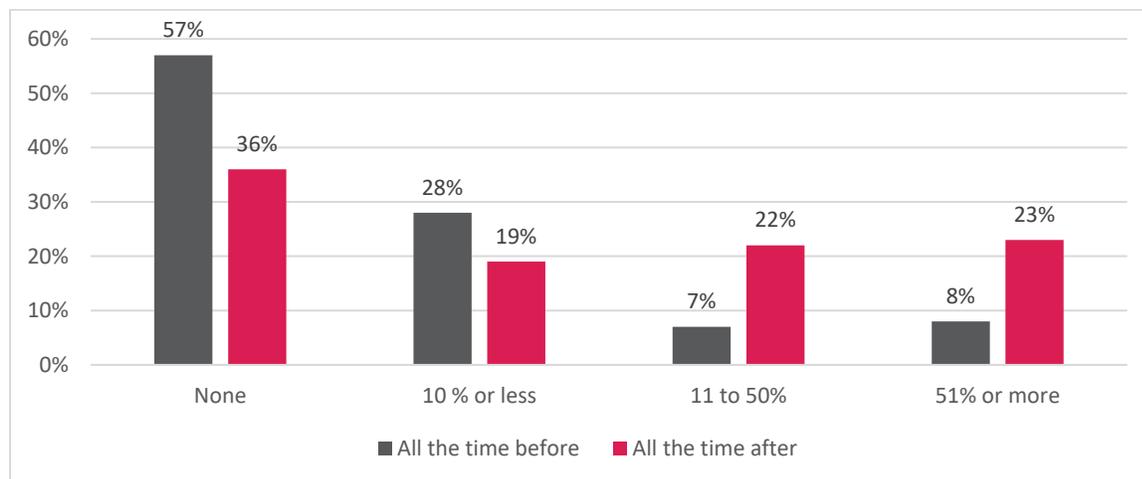
I don't think it [working from home] will be a 100% thing... because some employees need to be in the office maybe a couple of times a week to avoid isolation, while other parents find it hard to concentrate if they have children at home... I also think some people just don't adapt very well to working at home. (Large travel firm)

I've already said to them that, when we come back, people who want to work from home, they want to do it once a week, twice a week, they can do it. I'm fully flexible in how people want to work. (Finance and insurance SME, Scotland)

And the fact that we've proved we can work from home shows that it is a real possibility that this is the way forward. It's interesting because we're currently looking at a site move, so this may have a real impact on how big a space we move to. Will we need enough spaces, can people hot-desk or something? It's a real mix, I'd say 50-50, there are some who absolutely love coming into the office for whatever reason, various different reasons, and who don't want to work at home at all, which is fine. Then we have the opposite, another 50% who say, 'Great, can't wait to continue like this,' which we are happy to support. (Information and communication)

By comparison, the expected change in the share of people working at home **all** the time looks more incremental. This is again fairly consistent with case study interviews, which found no examples of organisations who said that working from home continuously would be part of their new way of working.

Figure 4: Distribution of workforce working from home all of the time (%)



Employee perspectives on increased homeworking post-pandemic

With homeworking set to continue after the pandemic in some form, how do employees feel about more permanent home working arrangements?

In June, 43% said they would be more likely to request to work from home more regularly after the pandemic. However, 39% said the likelihood of requesting this has changed. A small minority (11%) also said they'd be less likely to request to work at home more frequently. In other words, regular home working will be welcome by many, not all, meaning a hybrid approach may be most appropriate, taking into account employee and business needs.

Public sector set for biggest shift in ways of working

Before the pandemic, homeworking was more common in the private and voluntary sectors. However, if the post-crisis intentions are realised, the public-private gap will narrow considerably with the voluntary sector moving further ahead of the rest. Private sector employers expect regular homeworking to increase from 19% to 36%, public sector employers from 13% to 33%, and the voluntary sector from 22% to 52%.

Some higher value-added service sectors where homeworking is often already well established are anticipating very big increases. For instance, the share of the workforce regularly working from home is expected to rise from 27% to 52% in business services and the share working permanently at home is expected to increase from 15% to 31%. Similar trends can be found in public administration, education and healthcare (see Table 5). At the same time, some other sectors where homeworking was less common on average before the crash remain so afterwards, but nonetheless record significant increases, such as manufacturing and production.

Table 5: Working from home before and after the crisis, by sector (%)

	Regular working from home		Permanent working from home	
	Before	After	Before	After
Voluntary	22%	52%	15%	26%
Private	19%	36%	10%	23%
Public	13%	33%	3%	17%
All	18%	37%	9%	22%
Business services	27%	52%	15%	31%
Financial services	19%	49%	8%	28%
Public administration	20%	48%	3%	25%
Information	35%	46%	15%	37%
Other services	18%	36%	7%	16%
Healthcare	15%	34%	8%	18%
Production	10%	26%	5%	17%
Distribution	14%	22%	9%	19%
Education	7%	17%	3%	10%

Base: n=1,046

Challenges and benefits of homeworking during the crisis

Challenges

The biggest challenge cited by 48% of employers was, not surprisingly, the unsuitability of some jobs to be done from home. Otherwise, it was the management, employee wellbeing and performance-related issues that dominated the challenges rather than technical aspects, with 47% citing reduced mental wellbeing amongst employees, 36% reduced staff interaction and co-operation, 33% the effective line management of home-based workers, and 28% regarding the monitoring of staff performance. The least common challenge, though still present for a significant minority, was staff motivation and engagement at 21%. More technical challenges included staff proficiency with the new technology, not enough laptops and computers (both at 25%) and outdated technology (23%).

Some of the challenges highlighted in the survey were reflected in the case study interviews alongside a range of other factors, most notably the poor working environment at home:

It's easier to work at the zoo, partly because I live in a rural area where broadband access is limited. The first week I was off, I had nine power cuts, which didn't help. It is also easier to be on site; there are lots of things that people need to come and see me about [at the zoo] and many employees/keepers live on site. (Zoo)

Motivation can be an issue, and this is one challenge that HR has tried to get on top of, for example by helping people to plan and keep their spirits up. (Small training provider)

'The new ways of working have undermined the informal lines of communication that were previously a strong feature of the company culture... the internal communication... has just been lost.' (Medium-sized recycling company)

We're a business-to-business company so it's a two-part challenge. One in not being able to visit our clients. Yes, we've increased our use of technology and we're able to manage, but there's no replacement in developing new business, to actually sitting down in front of somebody and having a cup of coffee or a beer or whatever with them. (Small biotechnology company)

Some of our workers are working from their bedroom or their dining room table, that's fine temporarily. However, looking ahead, we're going to have to look at providing them with some grant, I think, to buy proper equipment, because it's not fair to have work impact their home environment in a negative way. (Transport operator)

A lot of them have turned bedrooms at home into offices, that's what I'm finding, because they have to segregate from the family. (Recycling plant)

Benefits

The benefits of homeworking were overwhelmingly identified as giving a better work–life balance (cited by 61%), followed by greater collaboration (43%), greater ability to focus with fewer distractions (38%), and IT upskilling (33%). Less widespread were enhanced health and wellbeing (20%), the ability to meet work targets (14%), and higher levels of motivation (13%).

The issue of staff collaboration featured strongly in both the list of challenges and benefits, suggesting significant diversity of organisational experiences around this issue.

The case study interviews provided more evidence that work–life balance is seen as a key benefit of more working from home. Many employers cited saving commuting time and cost, as well as a greater ability to deal with caring responsibilities as key advantages. Some employers also reported a greater focus on tasks and more streamlined ways of communication as key advantages of the new way of working. The following comments were typical:

Advantages – it’s pulled us together as a team for the ones who are working from home and, as a comment was said to me, how much nicer it is, how much they seem to miss [it] when they’re not in the office together. (Information and communication SME, Scotland)

Some people don’t talk to other people because their jobs don’t cross, so in a way it’s brought people closer. You stop seeing people as managers and directors, and see them as humans, with families, problems and everything else... Yes. Instead of blaming it on somebody else, always another department, they didn’t do this or that, we’re finding now that people are working better together, it’s not, ‘It’s your problem’ – [it’s] ‘it’s a problem, any suggestions?’. (Manufacturer)

Table 6: Challenges and benefits from homeworking during the crisis (%)

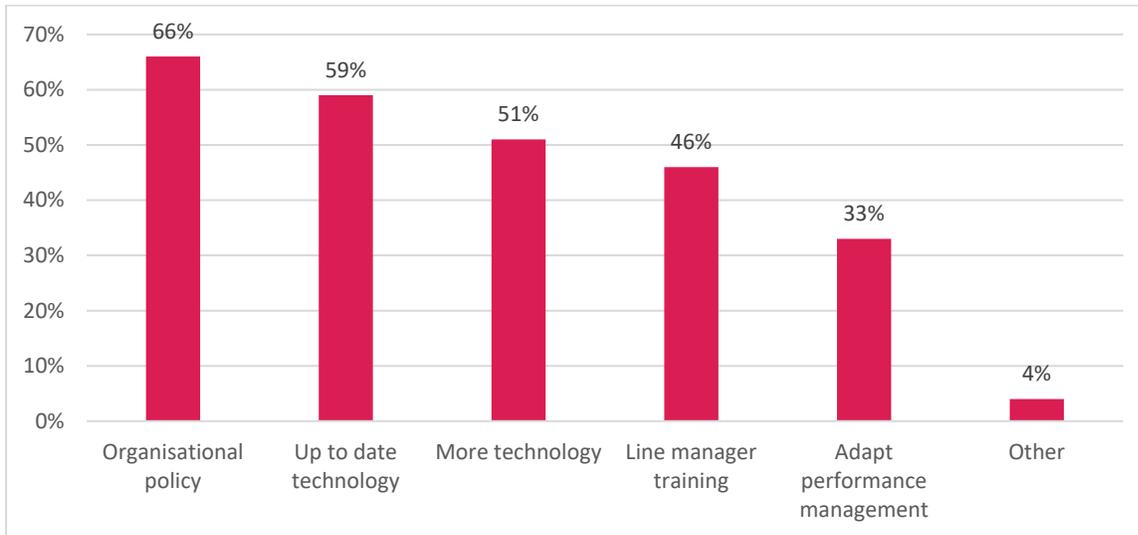
Main challenges	(n=792)	Main benefits	(n=791)
Jobs unsuitable for homeworking	48	Better work–life balance	61
Reduced mental wellbeing	47	Greater collaboration	43
Staff collaboration/co-operation	36	Ability to focus/fewer distractions	38
Line management of staff	33	IT upskilling	33
Monitoring performance	28	Enhanced health and wellbeing	20
Staff proficiency	25	Ability to meet work targets	14
Not enough laptops/computers	25	Greater staff motivation	13
Out-of-date technology	23	Other	2
Staff motivation and engagement	21	No benefits	15
Other	5		
No challenges	10		

How employers intend to increase working at home

According to the survey data, many employers said they were going to take additional measures or increase investment to enable greater homeworking in the future (44%), though 33% said they would not and 23% said they did not know. Of those who said they intended to take action, there were a mix of technical and employment practice changes. Amongst the latter were changing organisational policy (66%), more training for line managers in how to manage staff working at home (46%) and adapting performance management systems (33%). The more technical changes were increasing both the quality of new technology to ensure it was up to date (59%) and increasing the quantity of laptops and computers available (51%).

The case study interviews suggest that very few employers had started to develop plans to help adjust to the post-crisis ways of working. One employer who had done so investigated whether smaller pop-up offices could be developed near the home of their employees. Another employer planned to carry out a staff survey to both explore employee attitudes to working from home and canvass ideas as to how they can best facilitate the shift.

Figure 5: How employers will increase homeworking in the future (%)

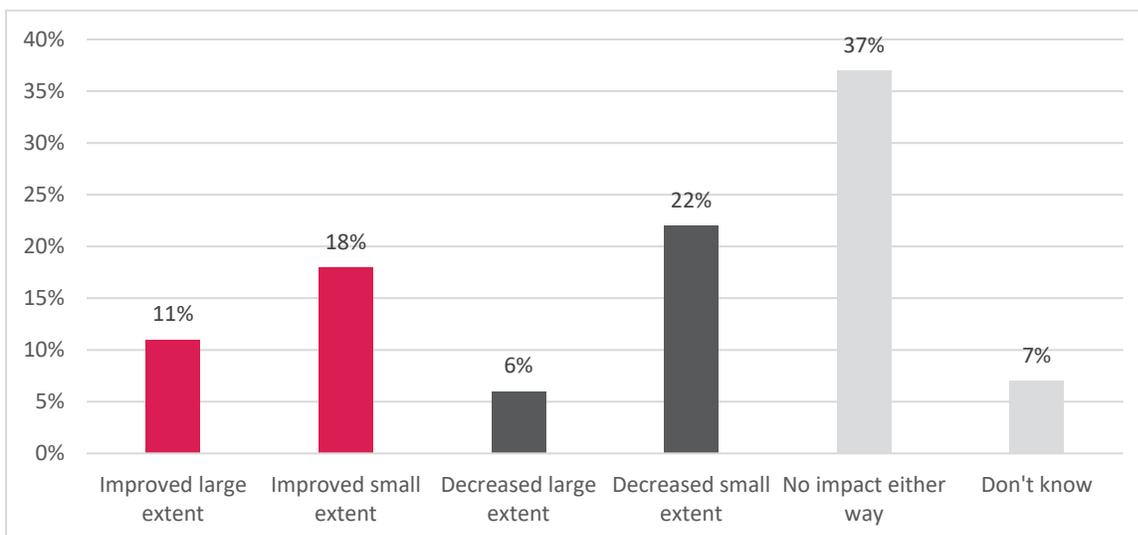


Base: n=457

Homeworking and productivity during the crisis

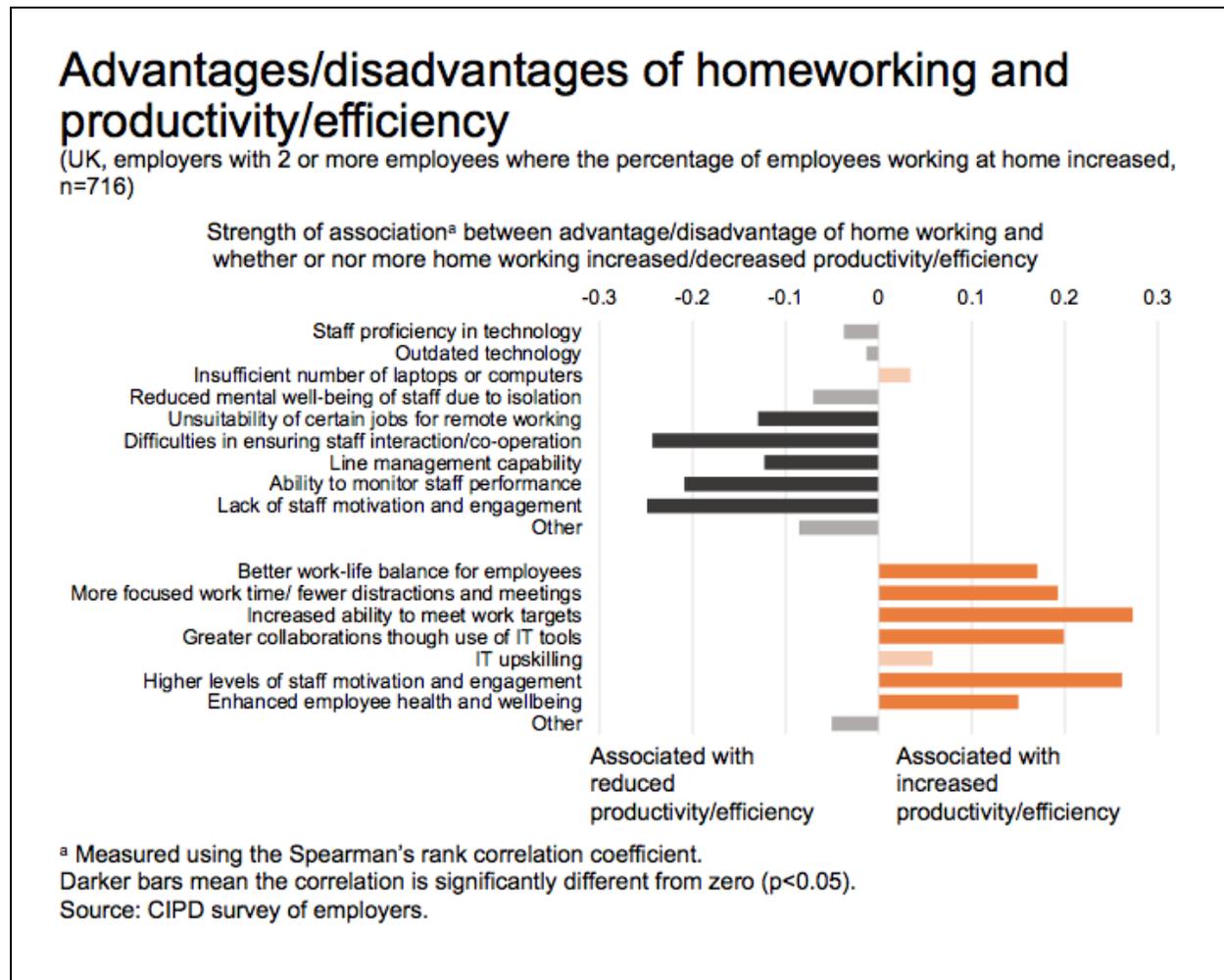
Homeworking has often been associated with greater productivity, but the evidence base for this assertion is weak. The employer survey found that based on employer perceptions there was little overall impact during the crisis. About 37% said it made no difference. Most other employers thought it had small effects in both directions – 18% thought it had a small positive effect and 22% thought it had a small negative effect. A smaller share of employers perceived stronger impacts, again in both directions, with 11% seeing strong positive effects and 6% strong negative effects. Overall, those who perceived some positive effects (30%) and those who perceived some negative effects (28%) were similar.

Figure 6: Employer perception of homeworking and productivity (%)



Base: n=792

Further analysis suggests that it is the people-related factors that matter most rather than technological issues when it comes to productivity and homeworking. Employers who identified challenges with job suitability, difficulties in staff coordination, line management, monitoring, and staff motivation were also likely to report reduced productivity, while those who reported benefits such as improved work–life balance, greater focus, ability to meet targets, and enhanced coordination and staff motivation were more likely to report higher productivity. In contrast, factors such as staff proficiency, lack of laptops, quality of IT, and IT upskilling either had no or weak associations.



There are, however, important caveats on these findings. They are based on employer perceptions rather than measures of productivity, with the vast majority (83%) finding no or only small effects in either direction. They will also include employers who had to introduce homeworking in an emergency and out of necessity rather than because it was the most efficient way to work, and so will not be a fair test of homeworking under more planned and normal conditions.

This survey data is broadly consistent with the case studies, which suggest that, overall, productivity has not been adversely affected by the new way of working. Indeed, some case studies suggest that the productivity of those working from home is higher than when they were in the workplace. The following comments reflect some of the factors cited by the survey that have helped support productivity during the crisis, most notably technology:

From the team's perspective, everyone's actually been slightly more utilised than they would have been had they been in the office... We're getting through so much more stuff. It sounds silly, but it's when members of the team might come to you with a simple question, and you end up having a five, ten-minute conversation about it. A lot of the team, because it feels a bit harder to raise that simple question, think about it a bit more themselves, and just get on with it. I think that's probably where the time saving's coming from. (Large retailer)

I never really thought that we had the right set up to work from home to such an extent, but [these] last nine weeks, or whatever it is, has proved that we do. We remain just as productive as we were prior to the lockdown, so there's no reason not to [increase working from home]. I have a family, so it certainly helps with that side of things as well... As a small company, we tend to sit in our individual offices. We might say 'good morning' and 'goodbye', but we don't tend to chat very much. Bizarrely, this situation has meant that we've sort of forced ourselves to do at least bi-weekly catch-up video calls, and we probably spend a lot more time discussing things that we should be discussing than we did beforehand. (Small biotechnology company)

If it's office-based, it's all meetings, isn't it? You come out and you think you didn't really achieve anything, you still have a pile you could have been doing. I find, I'm on telephone calls, I've got my screen on, you couldn't do it if somebody was in the same room. I find I've been a lot more productive because I don't get caught up with things I never used to get to. I think you're less tired, and we're not setting silly deadlines to get things done, they're not sat up all night doing it. (Medium-sized manufacturer)

When the people are actually at home and they've got themselves sorted out, the productivity is higher... It's also clear there are fewer interruptions for many people working from home compared with office life... with less distractions and a bit less chat going on; the productivity has probably increased slightly. (Medium-sized recycling company)

On the downside, a small minority of employers suggested that productivity had been hampered by the switch to more homeworking. Some of the key factors included the presence of children, not having an optimal place to work and the negative impact this has on the wellbeing and motivation of some staff:

I think productivity has gone down a little bit. One of the main reasons for this is loneliness. That sounds a bit harsh but I think it is a bit more lonely working from home. Whilst you're on Teams you have to specifically talk to people. You can bring people in, but it's not the same as going for a cup of coffee. I'm sure everyone is telling you that. (Construction company)

I don't think people will be allowed to work from home permanently because some employees need to be in the office maybe a couple of times a week to avoid isolation, while other parents find it hard to concentrate if they have children at home... I also think some people just don't adapt very well to working home... My own personal experience is that when I've scheduled a call, one of my staff members will be outside or have gone to the shops or something, and obviously that wouldn't really hold within the office environment, so I do find that for myself, I'm having to micromanage a lot more than I would like. (Travel and tourism company)

Looking ahead, it is possible that changes in practice will strengthen the potential link between working from home and higher worker productivity post-crisis. Many employers will have learned a great deal about how to effectively manage people working from home and identified the main problems that need to be addressed during the crisis. Some of the lessons learned will be put into practice as homeworking arrangements become more extensive. Moreover, the fact that most employers (67%) found no negative impact can also be interpreted more positively – although the challenge for many employers will be to sustain this. It shows that promoting more homeworking in pursuit of other objectives such as better work–life balance can be pursued without lowering organisational productivity. The assumptions that led some employers to oppose or discourage flexible working requests might in some cases evaporate.

Overall, the survey data and case studies suggest that homeworking has been one of the big success stories of the pandemic, which will see an increase in working from home among many (but not all) employees post-crisis to varying degrees.

Flexible working in the workplace before and after the crisis

Homeworking is of course only one way in which flexible working might be increased and it is possible after the crisis that employers will significantly increase their use of other flexible arrangements. However, only 33% of employers said they would seek to increase existing flexible working or introduce new flexible working arrangements to at least some of their employees, while 32% said they would not and 35% said they did not know.

It is important to note that this is a measure of availability, not take-up. For example, job-sharing is widely available in some sectors but typically has low take-up rates. It also does not tell us whether the measure is available to all or just some of the workforce. Not all forms of flexible working are equally welcome; for example, a significant minority of zero-hours contract workers say they would prefer a regular job. Before the crisis, the most widely offered flexible working arrangements were part-time work (56% of employers), regular working from home (45%) and flexi-time (43%).

The survey asked which of these flexible options employers would expand or introduce after the crisis. There is little indication that for most forms of flexible working we will see a radical departure from the current distribution, with an across-the-board increase the most likely. The big exception is homeworking, where 70% of employers say they will expand or introduce working from home on a regular basis compared with 45% before the crisis, with a similar big increase in working from home all the time, from 24% to 54%.

We see no evidence that any other form of flexible working is likely to be taken up with similar enthusiasm as a result of the crisis, although some of these flexibilities will be complementary. It is clear nonetheless that the future of flexible working is going to be far more dominated by homeworking than was the case before the pandemic.

Table 7: Provision of flexible working practices before the crisis and employer intentions for afterwards (%)

Flexibility	Share providing before the crisis (n=1,046)	Flexibility	Share intending to expand or introduce (n=349)
Part-time work	56	Regular homeworking	70
Regular homeworking	45	Always at home	45
Flexi-time	43	Part-time hours	40
Job sharing	26	Flexi-time	39
Always at home	24	Compressed hours	25
Compressed hours	24	Career breaks	19
Career breaks	24	Job-sharing	18
Term-time working	18	Term-time working	16
Annualised hours	12	Annualised hours	12
Zero-hours working	12	Zero-hours working	11
On-call working	11	On-call working	11
Other	1	Other	1
No flexible arrangement	14	–	–
Don't know	3	Don't know	5

The lack of enthusiasm towards other forms of flexible working is also reflected in case study interviews. The lack of spillover to other forms of flexible working is perhaps no surprise given that the proportion of workers that have adopted flexible working arrangements, such as job-sharing or compressed hours, has stood still for the past decade. The case study interviews suggest that the pandemic is activating subtle changes to the way in which flexible working requests are initiated and handled by employers. However, they also imply that employers' interpretation of the term is restricted to ad hoc, informal arrangements that allow workers to start or finish earlier or later in the day or work from home, as the following comments illustrate:

They can take time off in the middle of the day to go out for exercise if they wish or need a break. If they've got family or children at home, they can work more evenings. It's totally flexible. As long as the work is being done, we really don't mind how it's being conducted or at what time... We had slightly flexible working [before lockdown]. If people requested that they had time to either go pick children up, or if they cared for individuals or they needed a later start time or something like that, then dependent on the role that they were engaged with, we would try to be as flexible as possible. (Small training provider)

They don't always work the typical 9–5 working day, but often flex their hours around project demands... people have got the flexibility to work around family and children as long as set times are met for the conference calls. (Medium-sized manufacturer)

The company has seen more employees adopt more flexible working hours since the start of COVID-19, but this has not led to a change in policy. We do, however, anticipate a rise in demand for flexible working in the future, especially for parents. (Large travel firm)

We obviously, [when] someone makes a flexible working request, we follow that, but maybe we'll look at the contracts and maybe state, 'Spend at least two days a week at work,' or something, but that's a very strong possibility that that's something that will change our attitude to where people work if they can. In terms of any other policy changes, I can't think of anything at the moment, nothing really has changed dramatically for us. (Defence contractor)

Creating COVID-secure workplaces

Consulting with staff on new working arrangements

Of course, another preoccupation for employers has been how to ensure their workplaces are safe and ensure people are protected from the risk of infection for those who have had to continue to attend their workplace and those returning to the workplace who have been working from home or furloughed.

The research finds that employers typically use a range of approaches to understand how staff feel about new working arrangements.

The CIPD recommends that employers should use three tests to ensure staff can safely return to the workplace during the pandemic:

- **Is it essential?** Do people need to return to the workplace or can they work from home?
- **Is it safe?** If employees do need to return to the workplace or want to, can risk be effectively managed?
- **Is it mutually agreed?** Do both the employer and individual agree that the return to the workplace is safe and all practical steps have been taken to reduce the risk of infection?

Consultation with staff both collectively and individually is key to ensuring the risks to people's physical and mental health are managed and their concerns addressed.

Direct feedback from employees (66%) is the most commonly reported method by employers for understanding how staff are feeling about new working arrangements, followed by feedback from line managers (52%). Nearly four in ten employers say they use staff surveys for this purpose, while almost a third of employers use staff forums.

Public sector organisations are more likely to use all of these forms of staff consultation than private sector employers. Voluntary organisations are most likely to rely on direct feedback from employees and least likely to use staff surveys or forums. Micro-firms employing between two and nine employees rely primarily on direct feedback from staff, with 62% of these respondents citing this approach.

Line manager feedback is relied on more as firms become bigger. More than four in ten (44%) of small firms employing between 10 and 49 staff cite line manager feedback as an approach used to understand new working arrangements, rising to 57% for organisations with between 50 and 249 staff and 62% for employers with 250 or more employees.

Perhaps not surprisingly, the use of staff surveys and staff forums to understand employees' views on new working arrangements is much more common in larger employers employing 50 or more staff than in smaller organisations.

Table 8: Methods used to understand employees' views on new working arrangements (%)

	All	Private sector	Public sector	Third/voluntary sector	2-9	10-49	50-249	250+
Staff surveys	39	37	53	29	4	19	41	54
Staff forums	30	28	39	25	6	18	28	41
Direct employee feedback	66	66	64	70	71	62	70	66
Line manager feedback	52	48	70	47	16	44	57	62
Other	2	1	2	3	4	2	0	1
N/A	15	17	10	12	29	15	11	13

Base: all employers (n=1,046); private (n=732); public (n=185); voluntary (n=129); 2-9 (n=147); 10-49 (n=173); 50-249 (n=170); 250+ (n=555)

Measures introduced to ensure staff safety in the workplace

Employers have adopted a wide range of measures to ensure their workplaces are safe for their staff and minimise the risk of infection. The most commonly used approaches are to alter workplace layouts (54%) followed by moving workstations apart (48%) and the provision of personal protective equipment (44%).

Four in ten (41%) employers have taken steps to reduce or shorten the number of meetings, while a third provide screen barriers to protect staff. Many organisations are also staggering shifts (28%) or staggering break times (29%) as a way of reducing the number of people in the workplace or taking breaks at any one time.

A fifth of employers have used multiple entrances (21%), temperature checking at entrances (20%) or reconfigured customers service layouts (20%) to try and ensure their premises are COVID-secure.

A further one in ten organisations (9%) have introduced regular testing of staff for COVID-19 or reduced job rotation (10%).

Public sector organisations are more likely than private or voluntary sector organisations to have introduced the most common forms of approaches to make workplaces safe for staff. This is likely to be because they are on average larger than private sector or voluntary sector organisations and because they employ a higher proportion of essential workers who have close contact with the public and have had to continue attending their workplace during the pandemic.

Voluntary sector employers are most likely to have introduced staggered shifts, while private sector employers are most likely to regularly check staff temperatures at entrances.

Not surprisingly small and particularly micro employers are much less likely than larger organisations to have introduced a range of measures to manage and reduce the risk of infection from COVID-19.

Where micro employers have taken action, the most common measures are to provide PPE (26%), alter workplace layouts (24%), move work stations apart (19%) and fewer and shorter meetings (23%).

However, 39% of micro employers replied 'not applicable' to this question, suggesting many very small employers have not introduced any measures to keep staff safe from infection. This is likely to be due to a lack of resources and because the very small number of staff typically employed by these businesses means it is possible for them to socially distance in the workplace without new measures being introduced.

Table 9: Methods used to ensure safe return to the workplace (%)

	All	Private sector	Public sector	Third/voluntary sector	2-9	10-49	50-249	250+
Provision of PPE	50	44	44	49	39	26	50	35
Staggered shifts	28	27	29	33	12	25	34	32
Staggered break times	29	27	38	29	9	33	41	30
Multiple entrances to site	21	17	40	21	4	15	27	26
Screen barriers	33	32	39	28	8	30	34	40
Altered layouts	54	50	63	59	24	50	56	62
Reduced job rotation	12	10	10	9	8	1	11	8
Fixed teams	13	10	19	16	9	14	15	12
Working back-to-back or side-to-side (rather than face-to-face)	25	26	23	23	12	29	21	29
Moving workstations apart	48	47	54	47	19	44	48	57
Fewer/shorter meetings	41	38	48	43	23	41	45	57
Contactless payments	18	14	15	13	12	7	12	11
Reconfigured customer service layouts	20	19	25	22	11	18	17	25
Temperature checking at entrances	20	23	11	13	3	15	21	26
Regular testing of staff for virus	9	8	11	9	1	7	7	12
Other	2	3	1	2	4	2	3	2
Don't know	10	11	9	6	6	7	10	12
N/A	10	10	4	14	39	9	6	2

Base: all employers (n=1,046); private (n=732); public (n=185); voluntary (n=129); 2-9 (n=147); 10-49 (n=173); 50-249 (n=170); 250+ (n=555)

The case study interviews with employers suggest that many employers are in a cautious wait-and-see mode, with very few taking active steps to return staff to the workplace in large numbers, which is reflected in the following comments:

We're thinking about lots of things. I don't think we're going to open any time soon. We're not keen to be a trailblazer. We're going to see what everyone else does first, and see what measures they put in... we're looking at things like e-tickets only, so there's no cash in the pay desk. People have to book in advance to come. Obviously, the restaurant wouldn't be open. We could have kiosks. We are in the process of making some screens for the kiosks, and getting face masks to issue as part of the uniform to employees that are on the frontline, so to speak, and various arrows and two-metre marks. We're thinking about a lot of things, but we're not going to rush into anything. So, we're not going to open the doors and let loads of people in. (Zoo)

We know there are conversations going on at MD level. We're getting drip-fed that it might be staggered start times, one day in the office a week to start with, to maintain social distancing, so everyone goes back on a rota basis. We know that might still be a temporary measure, and there might be an aim to get everybody back in at some point. We don't know what the ongoing position is. At the moment, it's very reactionary. (Retail)

Employee perspectives on returning to the workplace

The CIPD's employee survey highlights that many are anxious about returning to work. 45% of those not attending their normal workplace were anxious about the prospect of returning. 35% also felt anxious about the commute on their return.

Only 55% of respondents said they had been given adequate information about returning, and just 44% said they'd been adequately consulted in the process.

Consulting with employees can reduce anxiety about returning to the workplace. 62% of people who didn't feel adequately consulted were anxious about returning, compared with only 42% of people who had been adequately consulted.

When it came to health and safety, 62% of those attending their normal workplace were satisfied with the measures their employers had put in place during the pandemic. However, 21% were not satisfied. Concerns include not having the right resources to protect themselves at work (14%) and being unable to follow social distancing guidelines in their workplace (27%).

Health and wellbeing

The survey highlights the wide range of health and wellbeing concerns employees have as a result of the pandemic beyond the risk of attending their workplace. The top two most commonly reported concerns by employees were fear and anxiety about themselves or their loved ones becoming ill and the negative impact of isolation and loneliness on their mental wellbeing.

Concerns related to homeworking are also commonly reported by staff. In all, 35% of employers say poor work–life balance due to homeworking, for example as a result of the difficulty of balancing work and childcare, is a commonly reported problem by staff. A further 26% of employers say that increased stress due to new demands or challenges of homeworking is a major cause of concern for staff.

Almost one in three employers say that the fear of redundancy is a regularly reported significant concern, while 21% cite stress caused by financial worries is a major concern of staff.

Table 10: Concerns commonly reported by staff regarding health and wellbeing (%)

	All	Private sector	Public sector	Third/voluntary sector	2-9	10-49	50-249	250+
Fear and anxiety about themselves or loved ones	40	36	55	36	27	43	40	42
Negative impact of isolation and loneliness on mental wellbeing	41	36	52	36	30	35	45	44
Increased stress due to new demands or challenges of homeworking	26	22	39	35	15	21	28	30
Musculoskeletal injuries from homeworking	7	6	14	5	4	3	8	9
Financial worries causing stress	21	26	8	16	23	22	16	22
Poor work-life balance due to homeworking e.g. difficulty balancing work and childcare	35	29	49	43	17	28	34	41
Fear of being made redundant	29	35	8	24	18	28	29	32
N/A – employees haven't reported any concerns	13	14	5	15	39	18	9	5
Don't know	6	8	4	2	3	3	4	9

Base: all employers (n=1,046); private (n=732); public (n=185); voluntary (n=129); 2-9 (n=147); 10-49 (n=173); 50-249 (n=170); 250+ (n=555)

The interviews with employers highlight how some organisations have responded to some of these concerns by providing support for staff.

We have an employee hub, which HR is updating every single week with mental health support, which provides an update as to how the company is doing... We also have an additional support line [for carers], so we were offering counselling and help in that regard. We also have quite a few employees who we employ under the Disability Act, and I know that we've reached out specifically to those employees... We have a few HR managers, and they've been scheduling weekly calls with employees, or offering help... Yes. We have a list of employees off sick, and what they're off with, so we do have an employee outreach programme whereby once every week, two weeks at the most, we will get in contact with them and just check in to see how they're doing. (Travel firm)

Everyone that was asked to work from home was given a guidance handout, best practices to work from home, how to set yourself up, make sure that your desk is okay, you're not in a cramped area, take breaks from your desk, that type of thing. Twice a week, we have team check-ins, where you talk to your manager, and the managers, I would talk to the team, just check how they're doing, if there are any concerns. We also have, on top of that, a non-work-focused check-in, to get that social side you get from the office. People can dial in if they want to, if they're too busy, they don't. Almost be given the free time to have a chat, and not talk about work things, so you have got that slight break. (Retail firm)

Employee perspectives on health and wellbeing

The CIPD's employee survey confirms worker concerns about financial security, isolation and managing work–life balance:

- 34% of respondents in our June survey said their financial security had worsened – this was especially the case among furloughed workers (55%).
- 44% said social connections inside of work had worsened, with 57% saying this has been the case with social connections outside of work.
- 2 in 10 said their ability to work was being impacted by a change in caring responsibilities due to the pandemic, impacting their work–life balance.

30% of workers said their physical health had become worse since the onset of the pandemic and 37% said this was true of their mental health. This was more pronounced for those with existing mental health conditions – over half of whom said their mental health has worsened (56%).

Conclusions and policy recommendations

Homeworking

Employers across all sectors are almost unanimous in their desire to see working from home increase following the relative success of its implementation, although some employers acknowledged that more homeworking was impossible in some roles. Several factors emerge from the report as to why it has been successful. These include a better work–life balance, most notably the reduction in commuting time and cost for employees, having fewer distractions to complete tasks and better collaboration that has been facilitated by the technology.

While supportive of more homeworking, many employers acknowledge that some employees are keen to return to the workplace, due in part to poor homeworking environments and limited social interaction. In addition, some employers highlight other challenges with homeworking, such as reduced mental wellbeing, staff collaboration and line management – which they say would be overcome if workers were in the office at least some of the time. These findings may offer some explanation as to why employers are much more likely to predict a sharp rise in partial homeworking as opposed to those who expect full-time homeworking to increase in future.

Productivity

Many employers and managers feared the shift to homeworking would have a negative impact on productivity. However, the evidence in this report suggests that, overall, the productivity levels of those employees working from home as a result of the pandemic has been no lower than those of other workers. Indeed, many of the case study interviews point to modest improvements in productivity. Employers who say that productivity has not been affected or improved as a result of the shift to more homeworking refer to an increased ability to meet targets, more focused work time and a better work–life balance as key drivers. In addition, many employers say that technology has allowed them to overcome the twin challenges of poor coordination and communication.

Among employers interviewed who reported that productivity has been hampered by the increase in homeworking, the main reasons included poor collaboration, low levels of staff motivation and a reduced ability to monitor staff performance.

The employer survey suggests a very balanced distribution of employers who say that productivity is lower or higher than normal as a result of the increase in homeworking. Analysis of the survey data suggests that it is the people-related factors that matter most rather than technological issues when it comes to productivity and homeworking. Employers who identified challenges with job suitability, difficulties in staff coordination, line management, monitoring, and staff motivation were likely to report reduced productivity, while those who reported benefits such as improved work–life balance, greater focus, ability to meet targets, and enhanced coordination and staff motivation were more likely to report higher productivity. In contrast, factors such as staff proficiency, lack of laptops, quality of IT, and IT upskilling either had no or weak associations with productivity, either positive or negative.

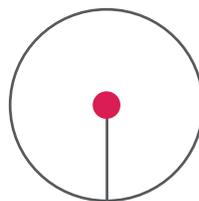
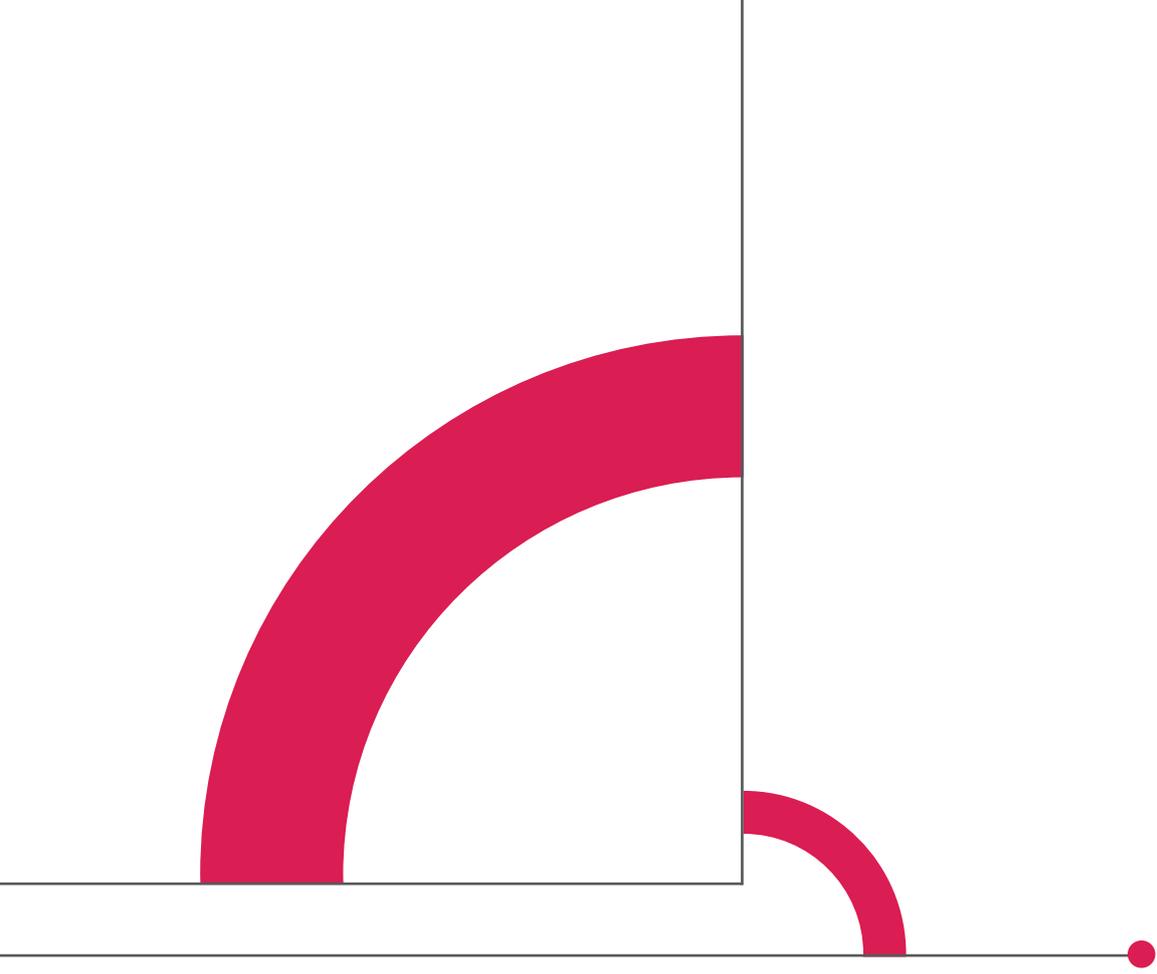
The relative success of homeworking overall points to more working from home in future, with 70% of employers saying they will expand or introduce working at home on a regular basis compared with 45% before the crisis. The survey found that, on average, employers estimated that before lockdown started, about 18% of their staff worked from home regularly (at least once a week) and 9% worked from home all the time. Looking ahead beyond the crisis they expect these numbers to double to 36% and 18%, respectively.

Flexible working

There is little indication that other forms of flexible working will be adopted with the same enthusiasm as homeworking following the crisis. The lack of spillover to other forms of flexible working is perhaps no surprise given that the proportion of workers that have adopted flexible working arrangements, such as job-sharing or compressed hours, has stood still for the past decade or more. The case study interviews suggest that the pandemic is activating subtle changes to the way in which flexible working requests are initiated and handled by employers. However, the case study interviews suggest that employers' interpretation of the term is restricted to ad hoc informal arrangements that allow workers to start or finish earlier or later in the day. The findings underline the need to make the right to request flexible working a day-one right to boost the uptake of wider flexible working arrangements to help offset the risk of creating a two-tier workforce.

Employment levels

The report also suggests that the Job Retention Scheme has been highly effective in preserving jobs to date. However, it also points to some of the reasons why low-wage staff are more likely to have been furloughed than high-wage staff, including recruitment and retention. The report also suggests that low-paid staff will be among the last to return from furlough. With the possibility that redundancies may rise fairly sharply with the planned closure of the scheme at the end of October, the research suggests that the Government needs to keep an open mind to protecting some industries through a revised JRS beyond the end of October and through the winter.



CIPD

Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ United Kingdom
T +44 (0)20 8612 6200 **F** +44 (0)20 8612 6201
E cipd@cipd.co.uk **W** cipd.co.uk

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Issued: September 2020 Reference: 8042 © CIPD 2020