

## Welsh Committee on Economy, Infrastructure and Skills, inquiry into the Welsh Government's proposal on working remotely

Work After Lockdown is a major research project funded by UKRI/ESRC, which over the course of 18 months (July 2020 – January 2022) is **studying how lockdown-driven working from home (WfH) is changing how people want to work in the future and organisations' responses and learning** around this. It is led by the Department of Organisational Behaviour and Human Resource Management at Southampton Business School (University of Southampton), working in collaboration with The Institute for Employment Studies and work design specialists, Half the Sky. The project has just completed the first wave of its findings, relating to the period of rapid change in relation to the lockdown of March-July 2020. Using mixed research methods, data was collected from legal firms and local authorities, looking at white collar jobs that were performed from home during the first lockdown, but which were more often office-based prior to that. The project consequently offers broader learning potential for a wide cross-section of (formerly) office-based jobs. Quantitative sectoral surveys have focused on worker wellbeing, while qualitative interviews in four case study organisations have looked at the experiences of leaders, line managers, and employees without managerial responsibilities in adapting to home-based working arrangements. Our inquiry response here draws **upon 1,085 survey responses and 38 qualitative interviews**. Our first insight report will be available on our [website](#) from 29<sup>th</sup> January 2021.

This submission has been prepared by the Principal Investigator, in collaboration with the research team, and complements the oral evidence that she presented to the Committee on 9<sup>th</sup> December 2020. Dr Jane Parry is a lecturer at Southampton Business School, and Director of the Centre for Research on Work and Organisations, who has been working in applied policy research for the past 20 years. Her research focuses on the changing world of work, and inequalities within that; she recently sat on the BEIS Future of Work working group, conducting rapid evidence review on the ARI on flexible work.

### Summary:

1. In response to the Committee's question about remote working's likely future scale of change:
  - Our Work after Lockdown research suggests that levels of remote working will be raised post-COVID, but that there are important sectoral dimensions to this.
  - High quality data collection by organisations will be vital in measuring and monitoring change.
  - Key aspects to measure around remote working are gender, sector, levels of remote working, occupational positions, productivity, well-being, and equalities.

- We recommend that the Welsh Government scrutinises its viability and desirability of the 30% target in relation to different sectors.
2. In relation to remote work's economic impact upon different sectors and urban centres, and the mitigation of negative effects:
    - The levels of hybrid working that will prove useful to organisations are still unclear; third spaces of work may offer a solution to some organisational challenges.
    - Remote working may offer environmental benefits, which the Welsh Government can model and monitor.
    - Remote working will offer most potential to organisations with larger proportions of office-based jobs, and may mitigate some of the challenges around office space.
  3. On the issue of workforce productivity and how employers might be supported:
    - The OECD (2020) has linked worker well-being to sustainable productivity gains: our survey shows self-reported productivity gains by employees WfH of 54%.
    - Recommendations to support workforce productivity include: providing greater support for line managers; strategic investment in digital technologies; revisiting training and recruitment processes; and re-engaging with flexible work.
  4. In relation to different groups of remote workers and how they can be supported:
    - Our research has identified younger people and those living alone as in particular need of support with the increased incidence of remote working.
    - Intelligent job design will be vital in balancing diverse workforce needs.
    - There is a need for expectations around presenteeism to be shifted if inequalities established during lockdown are not intensified.
    - Remote training programmes will be key in minimising age-related inequalities.
    - Equality impact assessments will be valuable in monitoring remote working's effect upon persons with protected characteristics in the public sector.
  5. On supporting the mental health impacts of remote working:
    - Our research indicated reductions in informal measurements of workplace sociability, and an increase in isolation for some people, as well as increased levels of stress, anxiety, and over-work.
    - Mental well-being amongst our survey respondents was relatively low at 47.5/100 on the WHO5; a useful role for the Government is around the enforcement of H&S requirements.
    - Line managers have been central in supporting mental health challenges during lockdown, but greater organisational support is needed.
    - Organisations have responded in a variety of ways to support mental health, but Government could supplement this where employers are struggling.
  6. International examples:

- Germany is pursuing a Mobile Work Act, which would provide employees with 24 days/year of entitlement to remote working.
- Third spaces of work might learn from the HOFFICE self-organising network in Sweden.

The Welsh Government is seeking to “work with organisations to support a long-term shift to more people working remotely,” with an aim of having 30% of workers remote working regularly.

**1. What [scale of change in remote working](#) is likely to happen in the future, and what potential is there over the longer term for 30% of the Welsh workforce to work remotely on a regular basis?**

- 1.1 It seems inevitable that **remote working will remain raised above pre-COVID levels** now that both employees and employers have seen the personal and business benefits to adopting a more flexible working model, but the configuration of this within organisations is a fairly open question. Clearly organisations vary in their distribution of the kind of white-collar jobs that can be easily adapted to being performed remotely, so a sectoral approach will be valuable in supporting employers around new working arrangements.
- 1.2 In implementing and evaluating these proposals, it will be vital that high quality evidence is collected. Organisations are already gathering their own evidence around remote working, but definitions vary, and it will be vital to develop robust definitions in order to accurately measure change, and to apply comparisons systematically across the Welsh labour market.
- 1.3 Important factors to measure around remote working will include gender, sector, levels of remote working over time, and occupational categories within organisations. Measures of productivity, well-being, and equalities data will also be key in evaluating the success of remote working proposals.
- 1.4 It will be important for the Welsh Government to scrutinise the 30% target figure, in order to evaluate the viability and desirability of applying it to different sectors. It is close to the figure that the ONS estimate of those who had ever WfH prior to lockdown.

**2. How might an increase in remote working have an [economic impact on different sectors and urban centres](#), and what should the Welsh Government do to mitigate any negative impacts?**

- 2.1 The kind of hybrid working that underpins the proposed ratio of remote working will prompt organisational discussions about workspaces; at the moment it is unknown how much city centre locations will feature as a priority in this. **Satellite workplaces or third spaces of work** may emerge as solutions for some organisations, which will provide an opportunity for **a different type of development around towns and city centres**, and this will provide the opportunity for factoring environmental concerns more strongly into workspace design.
- 2.2 An increase in remote working could play an important role in ensuring that recovery from the pandemic is not carbon heavy, as fewer people travel to work, with environmental benefits for communities. The Welsh Government can play a vital role in **modelling and**

**monitoring new working models and traffic flows**, as well as developing a sustained analysis of the consequences of switching energy consumption to different kinds of working environments. Until a vaccine is rolled out it seems likely that fewer people will be actively seeking to use public transport to access urban centres, but in a post-COVID environment and where they are working fewer days/week in an office, they may **reassess their personal transportation strategies**, and the Welsh Government might consider how this might be **incentivised**.

2.3 Hybrid working and its accompanied reduction in commuting is likely to offer efficiency and environmental gains, in particular around **organisations that have had larger travel-to-work areas**, for example, in more rural areas. **Workforces with large proportions of formerly office-based jobs will naturally see the greatest opportunity for labour market realignments around remote working**. Where organisations are struggling to accommodate office-based demand capacity, engagement with third spaces of work, as well as remote working, may offer further potential for enabling workforce sociability outside of centralised sites.

### 3. What evidence is there around the impact of remote working on **workforce productivity**, and what measures could the Welsh Government introduce to support employers in this area?

3.1 The OECD's review of evidence around productivity (2020) concluded that maintaining worker wellbeing would be central in sustaining productivity gains. Data from Work After Lockdown's survey of local government employees indicates that **the majority of respondents felt that they were working effectively and productively from home**. 54% considered that they had achieved more, and only 11.5% felt that their productivity had dropped. In order to maintain these productivity gains, effective management and support of working from home will be essential. There are a number of components in this:

3.1.1 **Greater support for line managers**, who have been at the frontline of managing complex needs and change around remote working, in doing so taking on invisible new work that was unrecognised in their workloads. Practical support here could include adjusting output expectations around line managers' changed workload, guidance around managing remote teams, motivating and rewarding performance, providing productivity tools, and greater recognition from leaders.

3.1.2 **Strategic investment in digital technologies** supporting emerging forms of working. Technology has played a key role in ensuring that workforces were able to communicate effectively when lockdown forced them to be geographically dispersed, and continuous investment in both software and hardware will be essential to ensure business continuity.

3.1.3 **Revisiting training and recruitment processes** to ensure that they are **aligned to the competencies associated with remote working**. For example, recruitment mechanisms will need to identify aspects such as self-efficacy, time management and adaptability in applicants, and remote learning process be continually improved to ensure that they are responsive to different workforce needs. There is a particular need to share emerging good practices around remote induction processes and training geared towards those at

the start of their careers so that new starts and young people don't face new inequalities in the labour market.

3.1.4 **Re-engagement with flexible work**, as a key tool to support the kind of variation in timing around remote work that will be necessary to support the diverse workforce needs that line managers became aware of during lockdown, and hence to maintain workforce efficiency. Going beyond the right to request flexible work, and **extending a right to flexible work to all employees from the start of their contracts**, would do much to support those with caring responsibilities, and to reduce the disability employment gap.

#### 4. How should the Welsh Government consider the potential impacts of increased remote working on **different groups of people in developing future policy**, including **equality impacts** and the views of **employees who don't like working from home**?

4.1 The Work after Lockdown research has identified **a number of groups in need of additional support**, including **younger people**, who are less likely to have access to spaces which are suitable for working from home, and who have missed out on experiential role-focused training during the pandemic, as well as **those living alone** who have been more deprived of social support when they are unable to work in the office. It will be important for organisations to conduct audits of staff needs, so that they are able to design flexible hybrid models which enable those who want to be in offices more frequently to do so. **The Welsh Government could usefully provide centralised support around intelligent job design that organisations and managers can tap into.**

4.2 There is a growing body of evidence that women have borne an additional domestic burden when both partners worked at home during lockdown (Chung *et al.*, 2020); over the longer term this is likely to have **detrimental effects upon women's careers**. Given that the government can have limited influence upon household dynamics, it can provide legislative support around flexible work entitlements, which can be used to nudge different decisions being made around work-life balance. If, culturally, organisations **shift expectations around presenteeism**, then remote working may be seen as less detrimental to careers and more people will be willing to take it up on a regular basis, potentially shifting household dynamics. At a minimum this could include flexible work being made available from the start of contracts.

4.3 The proposals might also have **equality implications around age**, given that organisations' induction and training programmes have in large part been designed around in-person processes. It will be important to develop remote training programmes that offer people at the start of their careers the opportunities to acquire organisational knowledge and skills that will prepare them for sustainable careers, whether working virtually or office-based in the future.

4.4 **Equality impact assessments** will enable some monitoring of remote working's effect upon persons with protected characteristics in Wales's public sector. Valuable policy work could focus upon incentivising or convincing organisations more broadly of the value to their businesses of undertaking such assessments.

#### 5. How should the Welsh Government support employers and the workforce in relation to potential impacts of increased remote working on the **mental health of the workforce**?

- 5.1 An issue that it will be important to engage in in supporting employee's mental health and wellbeing, is the **mixed, and uneven, effects that remote working has upon workforce relationships**. No or fewer in-person contacts during lockdown has led to a **reduction in workforce sociability**, and our local government survey found that reduced informal contact with co-workers was identified as the most adverse (by some margin) aspect of working from home, cited by 82% of respondents. Workplace sociability can be particularly important in supporting younger people at the start of their careers. It can also offer a valued benefit or relief in careers where there is an expectation of an intense workload, such as training solicitors, and plays an important role in informal training and learning. **Some people have become more isolated working from home**, for example if they live alone, and this may not necessarily be evident to managers, which has implications for wellbeing, social capital, as well as, ultimately, productivity. **For some then, remote working has exacerbated isolation, anxieties and stress**, and often in combination with this, ergonomic inadequacies have exacerbated muscular skeletal problems.
- 5.2 Our local government survey indicated that mental health and wellbeing have been important issues during lockdown, with **mental wellbeing generally low** (47.5/100 on WHO5). Furthermore, it was notable that those with better mental health were more likely to be working their contracted hours, to experience work satisfaction, and to have frequent contact with their line managers. In terms of physical health, greater fatigue (45%), muscular pain or discomfort (45%), and poor sleep (41%) were reported during this period. Such health issues may be compounded by a lack of regulation: only 40% of our survey respondents reported that their employers had conducted a health and safety assessment of their workspace, **an area where the government could support enforcement**. It will be important that a robust approach to occupational health is maintained, which incorporates the demands of working from home within its concerns. If unresolved, such health concerns are likely to lead to an increase in sick leave, and financial costs for organisations and the economy.
- 5.3 Amongst the individuals interviewed for Work after Lockdown, **mental health and wellbeing issues were generally high on organisations' agenda**, both from a preventative and a responsive perspective. A number of line managers reflected on noticing anxiety issues amongst staff, as well as general stress from trying to managing competing responsibilities, but there are also likely to be non-disclosure issues around mental health, so this problem could be larger than anticipated. **Line managers, however, have played a key role both in accumulating a deeper understanding of the challenges that staff were facing**, and in providing appropriate support, such as practical flexibility around working hours or daily check-ins with staff who were struggling. However, line managers themselves are not immune from anxiety and stress, and an issue that we will be picking up in the second wave of our research is how the intensification of line management responsibility during the pandemic has affected their own wellbeing.
- 5.4 At an **organisational level**, responses included free employee helplines, and seminars on topics such as sleep, exercise and time management, backed up by emails offering tips and signposting toward support; it will be vital in recovery that the momentum around workforce health is maintained and does not become tokenistic. Notably, the availability of this kind of support was at organisations' discretion, and in our survey only 36% of employees reported having access to an Employee Assistance Programme (and 59% were unaware of whether they did); **governments could look at setting up alternative support forums where organisations are struggling to offer these kind of resources**. Another area

of shortfall that commonly arose was connected to the intensification of work: that staff were not taking or able to use their holiday entitlement, if only to break from work. Greater proactivity from organisations, and visible leadership examples, could help around this issue, although there is **a pressing need to address the implications of longer-term overwork issues.**

**6. What [international examples](#) are there of countries that have increased the percentage of their workforce that works remotely, and what lessons can the Welsh Government learn from them?**

- 6.1 A policy context to watch will be Germany, where ministers are currently pursuing legislation to provide for employees' legal entitlement to 24 days of remote work per year, with its Mobile Work Act. This would offer employment regulation around remote work in the same way as is provided around organisationally-based work.
- 6.2 Third spaces of work may also hold learning for a hybrid labour market in which remote working plays a greater part. For example, the [HOFFICE](#) self-organising network in Sweden enables people co-create temporary workplaces, [UK Jelly](#) facilitates the self-employed to collaborate and co-work, and more broadly pre-COVID larger organisations were already experimenting with utilising co-working venues to provide satellite workspaces. There is considerable **scope here for the piloting of new workspaces based around different combinations of Government/public/private/third sector partnership.** In a context too where organisations may be reassessing their centralised office space, but where remote working is not an option for everyone (for example, people who don't have suitable space at home in which to work, or who are isolated), third spaces of work can offer a viable working alternative, as they can for people who want to live closer to their workplace.