

Why employers need to think carefully about homeworking



In our last article we wrote about the advantages and pitfalls of homeworking from the perspective of the employee. In this article we turn our attention to the employer view. Having said that homeworking is no panacea for employees, it will come as no surprise that we argue it presents positives for employers but also some serious issues they need to consider before rushing headlong into this apparently new way of working.

Of course, home working as a concept and practice is not new. It did not spring fully formed into existence with the arrival of Covid-19. The current crisis has, however, forced employers to adopt it in an unprecedented way and at an unprecedented pace. From, in many cases, dragging their feet on permitting it, employers and their technology departments have had to rush headlong into providing the technology and capabilities to their employees to enable them to meet the requirements of their job descriptions from home. To the surprise of employers and employees alike, in many cases, it has been shown that employees are entirely capable of fulfilling their job roles remotely.

On the face of it, organisations are faced with a choice between converting to these new ways of working or going back to the old ways and pulling everyone into the office once the current crisis is over. For his part, Jes Staley (CEO of Barclays) has gone on record as saying that, when the crisis is over, he will be taking a long hard look at the amount of office space Barclays currently leases in Canary Wharf. As things stand, he no longer sees the point in holding onto it.

There are three main advantages to employers of moving to a homeworking model for many of their staff:

Cost savings

Jes Staley is far from alone in his thinking on the issue of cost. It will be extremely tempting for boards of large organisations to look at the rapid impact on their bottom-line of withdrawing from office leases or selling-off their office buildings. With companies desperate to reduce their costs and recover from the slowdown or stoppage of their businesses during the crisis, it is easy to imagine CFOs pushing hard on this argument.

The perception of office space as an expensive liability is only added to by the conversion costs necessary to Covid-19-proof offices. Indeed, how exactly would you run successful infection-control in a modern office? One-way systems in toilets, reducing the number of people in lifts, scrapping in-house canteens, no more hot-desking, and an increased deep cleaning every night must be the stuff of nightmares for facilities management and CFOs! Employers have duties of care towards their employees that are going to require a fundamental re-design of the workplace. Even then, few employers will be able to *guarantee* an infection-free environment. The office of tomorrow will be fertile ground for lawyers and whistle blowers alike.

Employee satisfaction and productivity

Now it has been shown that many white-collar workers can fulfil their job requirements successfully from home, a high proportion will, undoubtedly, wish to continue with this mode of working. As we asked in our earlier article, how many of us can say we genuinely enjoy our commute or the time it takes (even without the now added risk of contracting Covid-19 from a fellow commuter)? Attempts to pull employees back into the office will likely be met with stiff resistance from some and employers will need to ask whether this is a fight worth having. Until or unless a vaccine is found, homeworkers will be able to play the stay-safe card, particularly if they live with friends or relatives who are members of vulnerable groups. The employee who pleads he does not want to return to normal office life for fear of exposing his elderly mother to infection is on strong ground, made stronger by the reputable studies that show that working from home increases overall employee productivity.

Access to an entirely new pool of workers

Free from the restrictions of the commute, and from the need for geographical proximity it imposes, employers will be able to cast their net far wider than before in recruiting the right people. Potential employees whose personal circumstances have up until now kept them away from the workplace (say, because of illness, disability, or their commitments as carers) will now become available in the labour market, as will employees from all quarters of the UK. In a future war for talent, the ability to tap into this wider pool of potential employees may prove a source of competitive advantage. And, of course, it will surely not have escaped the notice of CFOs and HR Directors that it may well be possible to employ members of this new, wider pool at significantly lower cost than their existing workforce.

It is easy to look at these positives and think what's not to like? But hold on, there are downsides too. This is far from a one-way option.

Before accepting homeworking as the new normal and switching all possible white-collar employees to this model, businesses would do well to consider the following factors and how *their* organisations are going to deal with them:

Social binding

We touched on this issue in our very first article back in April of this year: https://syllogism.co.uk/uploads/files/2020/04/covid_19_what_comes_next.pdf Businesses are not just unthinking, rational profit maximisers in the classical micro-economics sense, they are social constructs and rely on social interaction and a sense of social process, purpose and common culture to perform at their best. What will be the impact on culture and cohesiveness in removing a significant proportion of the worker population from day to day contact with the mores, artifacts and other cultural props of the firm? For decades now, the organisation development community and business sages have preached the competitive advantages of a strong and appropriate culture. How will the cultural landscape of the firm be maintained in this new remote environment?

Maintaining the corporate culture is not the only issue. Businesses do not function along the hierarchical organogram of the organisation chart, rather their efficient functioning also requires staff to grow, maintain, and utilise their informal networks and chance encounters. How will the organisation enable and foster these networks in an environment where the chance encounter at the coffee machine or photocopier no longer occurs? What opportunities might be missed if seemingly random encounters fail to happen? Fragmented knowledge is already a headache for businesses: finding out who in your organisation has experience of dealing with the problem currently facing you may become harder if you are not able to ask around, in person. Likewise, shaking things up in a business requires the building-up of trust and the ability to convince people to see things in ways they have not seen them before, even in the face of short-term costs. Take away the animal spirits of in-person persuasion and challenge, and the danger is your business will settle into a re-assuring groove it cannot get out of.

Innovation and creativity

Here we really need to pay heed to the experience of the hi-tech sector, which has much to teach the rest of the economy. With a heavy investment in leading-edge technologies and globally distributed operations and workforce, hi-tech companies (such as IBM, Apple, and Google) have been trying for years to make innovation work virtually with remote teams. While they have found that a great deal of the creative cycle can be accomplished virtually (with appropriate support, even brainstorming can be successful), for best results an element of face-to-face is still essential if the design process is to be successful. Virtual environments cannot reproduce the multisensorial inputs that physical presence in the same room offers.

Where is physical face-to-face presence most needed? The experience of hi-tech has been that it is most necessary at the front end (when divergent thinking and creative input is

required) and at the back end (when final design issues must be thrashed out and production issues must be resolved).

If even hi-tech companies steeped in cutting-edge technologies are unable to move to an entirely remote, virtual environment, organisations with neither their technological investment nor capability will surely struggle to get even close to this level of successful remote working.

Just as importantly, as it was put to one of the authors by a former senior executive of a hi-tech firm, much of the current investment in virtual tools to enable remote working is focused on cost savings. Over the next decade, businesses will need to raise their gaze from the bottom line and be clear in their thinking about what, beyond cost savings, they are trying to achieve with their investment in technology and to have a real vision of how they will use it to work in completely new ways.

Timing and irreversibility

An important lesson of business is not just that crises come but that eventually they go. The rush to jettison the business models and practices of the pre-pandemic world runs the risk of saddling your organisation with assumptions that are one medical breakthrough away from being out of date. Employers and employees alike are currently in a heightened state. The drama of the pandemic – its suddenness and its scale – has left many of us feeling we are not quite ourselves at the moment. As such, we may be unreliable witnesses when it comes to assessing how much of the suspension of normality we will truly be able to live with over the medium-to-long term. Homeworking remains a novelty for many employers and employees and with novelty comes excitement. With familiarity can come a sense of restriction and frustration. Just as vaccine trials take many months to yield reliable conclusions, so the experiment of mass homeworking is still in its early days. It remains too soon to say whether it has *worked* or not.

The lesson here is not to generalise from the exceptional: as the saying goes, hard cases make bad law. The job of re-assembling your office dream team may turn out to be a lot more difficult than the job of dispersing its members to their separate homesteads. And selling-off your office building will be no money-spinner if everyone else is doing the same: waiting out the crash in commercial property prices may well be a better approach than sailing headlong into it.

Keeping knowledge and people safe

We said in our last article that homeworking is tailor-made for those operating in the knowledge economy. This creates a conundrum. Organisations whose principal asset is knowledge have most to lose from that same knowledge being misplaced, lost, or stolen. Making sure that employees protect the company's secrets has always been a headache for employers. The coming of home computers, mobile devices, and on-the-go working patterns cranked the problem up to a new level. Increased homeworking offers the prospect of a further scattering of organisational vulnerability. The security of a business is only as strong as its weakest point. With widespread homeworking comes the worry for businesses that

they no longer know where at any time these points *are*, let alone which are the softest targets. It is a short-step from a far-flung employee reporting that her laptop has gone missing to a full-blown, board-level crisis. For all that this problem did not begin with the recent expansion of homeworking, nothing about the expansion makes it easier to deal with.

Beyond this, homeworking is not a free pass for employers to abandon the duties of care they owe their employees in the workplace. They can no more allow the homes of employees to become hazardous sweat shops than they can decide one day to drop standards of health and safety at corporate headquarters. Employers are obliged to maintain regular contact with homeworkers to ensure they are healthy and safe. They must encourage homeworkers to assess their workstations and be on hand to help with improvements. And they must have procedures to pick up on signs of employee ill health and stress. When it comes to duties of care, out of sight is very definitely not out of mind. Modern offices are designed to meet high standards of health, safety, and environmental friendliness. Most homes are not. That is a much bigger problem for employers than it is for employees.

The productivity gains of homeworking may be exaggerated

As the current spate of good weather passes into the grey and darkness of autumn and winter, employees may find confinement to home and neighbourhood increasingly claustrophobic. It remains to be seen if a new normal, long-term switch to homeworking for the majority of employees will continue to show the same level of productivity gains or whether an element of the well-documented Hawthorne Effect has skewed research in this area. The apparent productivity benefits of homeworking may owe less to the *home* as a variable in its own right than to the methods by which *working from home* is observed and recorded by employers – methods it may be possible to replicate in the conventional office setting.

The Hawthorne Effect

The Hawthorne Effect also known as the Observer effect or Viewer effect is named after a study undertaken at the Hawthorne Works, a Western Electric factory outside Chicago.

Studies undertaken at this plant during the 1920s and 1930s were created to understand the relationship between productivity and various aspects of the work environment (e.g. light levels, number of breaks, length of work day etc.). Subsequent analysis of the data in the 1950s by researcher Henry Landsberger seemed to show that the key impact on productivity was not changes made to the work environment but the fact that the workers were getting increased attention from supervisors and the researchers. When the experiment ended and the increased attention ceased, productivity levels fell back again.

Although more recent analysis of the data suggests that Landsberger may have overestimated the impact of the effect it is, nonetheless, still recognised as a bias in social experiments that must be considered and accounted for.

Conclusion

In this article we have provided a note of caution to employers about unthinking adoption of the homeworking model. Alongside the many advantages to employees and employers come considerable risks. These risks are not the traditional ones that are most frequently considered by senior executives but they must be managed if damage is not to be done to the social fabric of the firm and its ability to innovate and survive.

With regard to the technological future that firms will need to manage, executives would do well to look at the work of the RSA and its Four Futures of Work project: <https://www.thersa.org/discover/publications-and-articles/reports/the-four-futures-of-work-coping-with-uncertainty-in-an-age-of-radical-technologies#>

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