

Is remote working, working?



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Executive summary

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Headlines

Remote working significantly increased but lower in Northern Ireland

- Remote working in Northern Ireland increased from just under 10% of the workforce in 2019 to 41% at its peak in April 2020 but has since fallen back to 17%. This is the lowest level across the UK, where 31% of workers are still working remotely to some extent.
- This is also reflected in on-line job advertisements where offers of remote working have risen much more significantly across the UK from 2% pre-pandemic to 20% in 2023 compared to an increase from 1% to 5% in Northern Ireland.
- Younger people are less likely to work remotely reflecting their need for mentoring support, training & development and to build their networks.

Employer perspectives

- Productivity impact is difficult to determine, but marginally more employers indicated an improvement than those suggesting a decline. Research suggests staff had increased their working hours, were generating more output per hour and producing better quality work. Not clear if productivity improvements are due to sector specific factors or as a result of management approaches adopted.
- Employers comfortable with current remote/ hybrid working arrangements but reluctant to increase levels of remote working further because of the the potential risk to collaboration, teamwork and innovation.
- Managing staff in this new environment has raised several issues and managers are having to develop new approaches and, in some instances, need additional training.
- Mentoring and training have been negatively impacted and likely to be more of an issue for junior staff.

Employee perspectives

- Employees also content with current arrangements but have indicated a preference for the balance of home working to increase marginally (from 2 to 3 days per week to 3 to 4 days per week).
- Employees strongly believe their productivity has increased (more so than employers) when working remotely, but time in work is now more focused on connecting and collaborating than would have been the case previously.
- Remote/ hybrid working has improved staff well-being, in contrast to findings during the initial lockdown restrictions when feelings around well-being were mixed. The key difference now is that remote/ hybrid working is voluntary and not full-time.
- Challenges continue to exist around the 'always on' culture, distractions at home and access to office resources and information.

Wider economic considerations

- Approximately one third of respondents (32%) indicated they were spending less compared to pre-pandemic, with only 18% spending more. Also spending in urban centres (i.e. near the workplace) has fallen and there is only limited displacement spending in local/ sub-urban areas (i.e. near the home).
- Recruiting from a large geographic labour pool was one of the early promises of remote working but as organisations returned to the workplace, albeit on a hybrid basis, the geographic scope of potential recruits narrowed as the importance of integration and collaboration was increasingly recognised.
- Remote working was identified as a way to re-engage the economically inactive, particularly those with caring responsibilities. The data initially suggested some progress had been made with this group, but more recently data has returned to pre-pandemic trends. Broader research would indicate that re-engaging the inactive also requires a more holistic approach including skills development programmes.

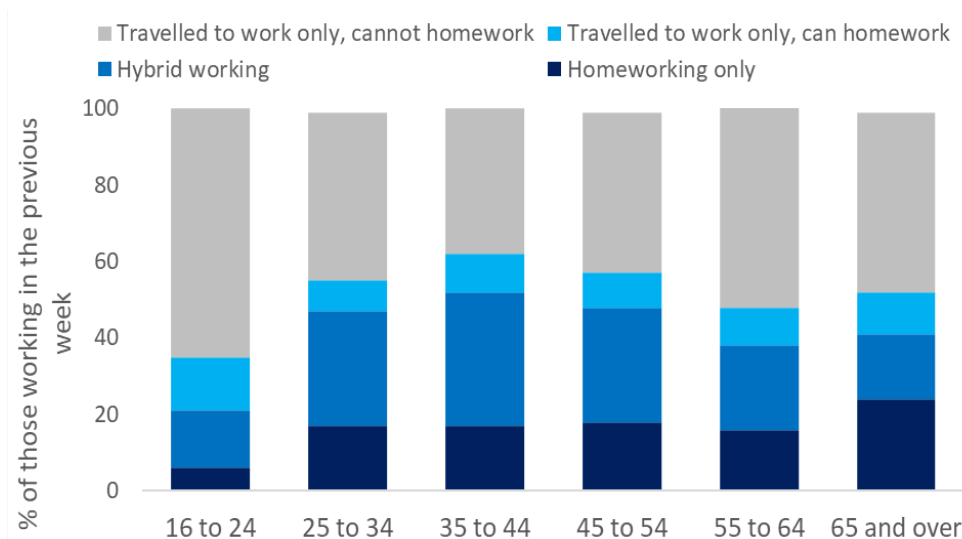
Next steps for management

- Remote/ hybrid working has created a range of new management challenges for which very few current managers have been trained to address. These include ensuring equality in the work place and developing new management practices to:
 - Manage performance – maintaining standards and managing staff performance;
 - Improve training & development – in particular on-boarding new staff and mentoring junior staff;
 - Build team and culture – creating and maintaining a sense of place, purpose and common values;
 - Raise productivity, innovation and collaboration –allocate specific time for collaboration and innovation to drive productivity improvements.

1. Introduction & Background

1. Since the Covid-19 pandemic, working patterns have changed significantly with the adoption of remote or hybrid working for many employees across a range of sectors and occupations. **Pre-pandemic** uptake of remote working was relatively low, applying to **just under 10% of the workforce** in Northern Ireland.
2. **When restrictions were most severe**, home working in Northern Ireland increased to approximately **41% of workers in April 2020**. Although restrictions are now a distant memory, organisations and their employees are now trying to strike the right balance between organisational needs and the working preferences of their staff.
3. Despite a move back to the office, Labour Force Survey (LFS) data indicates that levels of homeworking across the UK in Q1 2023 have more than doubled compared to pre-pandemic figures (31.3% of employees vs. 14.4% in Q4 2019). However, uptake of **remote working in Northern Ireland is the lowest of all 12 UK regions at 17.3%**.
4. Data in the EU and US illustrate a similar trend of reduced levels of remote working compared to that experienced during the pandemic but with approximately 30% of employees still working remotely or from home, some or all of the time, in the first half of 2023.
5. From a demographic perspective, remote working becomes more prevalent with age (and by extension experience/ seniority). Younger employees (16-24yo) are least likely to be working remotely with 65% travelling to work as they cannot homework. Hybrid working is most common in the 35-44yo category (35% of employees). Fully remote also increases with age (relevant to almost a quarter of 65+ compared to an overall average 15% across all age categories).

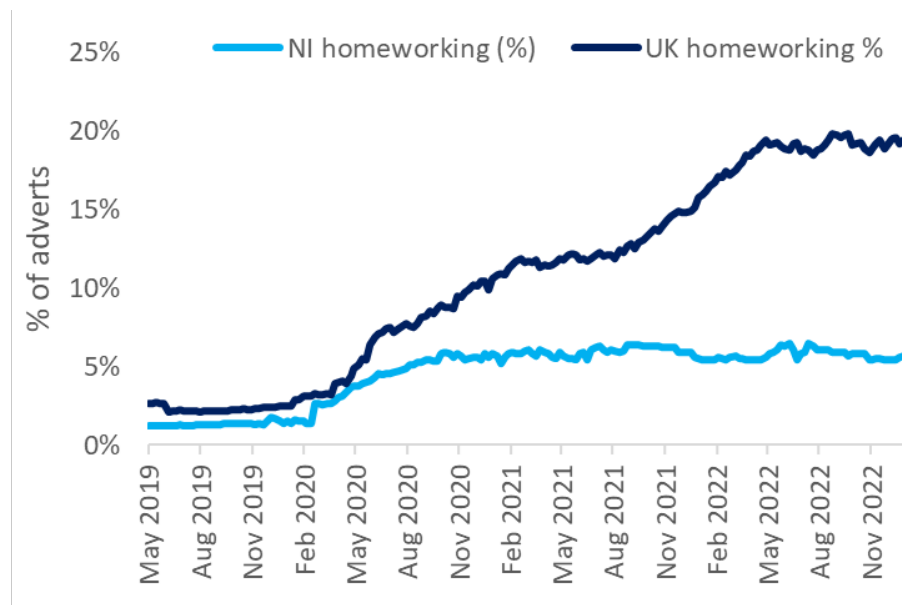
Figure 1. Location of work by age, GB, Sept 2022 – Jan 2023



Source: Office for National Statistics (ONS) – Opinions and Lifestyle Survey

6. On the same trend, increased remote working is also correlated with a higher salary. The lowest income thresholds are least likely to work on a hybrid or fully remote basis.
7. The labour market in Northern Ireland has performed strongly over the post-COVID period, with high numbers of vacancies relative to historic trends. Employers have responded to this increased competition for talent by offering remote working options to make their position more attractive. This can be observed much more significantly in the UK than in NI (Figure 2), although it should be noted that, when compared internationally against countries such as Australia, Canada, New Zealand and USA¹, the UK had the highest proportion of vacancies offering hybrid (and occasionally fully remote) working options.

Figure 2: % of online job adverts offering hybrid working, UK & NI, May 2019 – Jan 2023



Source: ONS, Online Job Adverts Estimates using Adzuna data; UUEPC analysis (OPN)

8. Remote working is better suited to some sectors and occupations and therefore countries and regions will have different remote working potential depending on their sectoral structure. To consider remote working potential in NI, UUEPC applied two estimates: an upper, **theoretical** estimate and a more **conservative** estimate of jobs that can be delivered efficiently².
9. Using the conservative estimate, approximately 40% of jobs in NI could be completed remotely at least in part in 2023, compared to 43% in the UK. This is in part due to a higher UK concentration of sectors such as Professional & Scientific, Finance and ICT which are more suitable for remote working and also factors such as management practices.

¹ Source: Centre for Economic Policy Research (CEPR), April 2023

² The Future of Remote Working in Northern Ireland (UUEPC), 2022

2. Employer perspectives

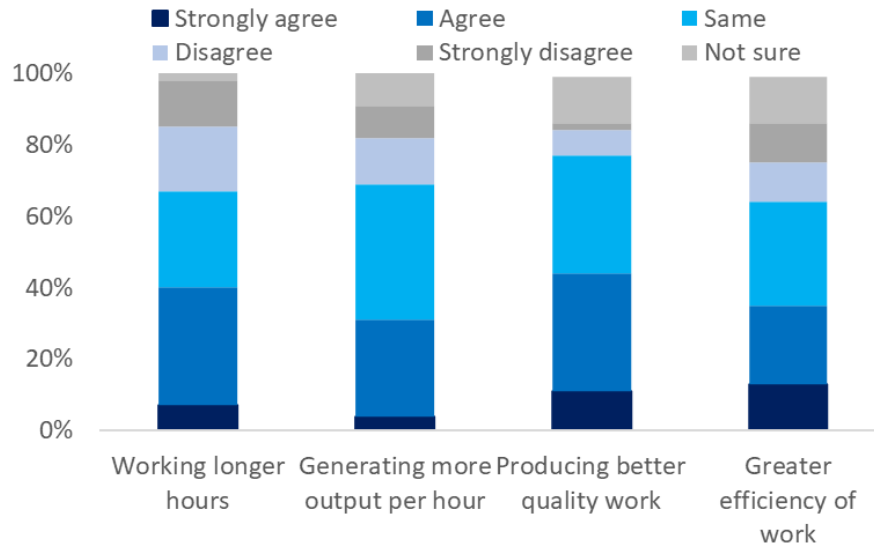
Return to work approaches

10. In instances where employers have adopted a more informal return to office approach, some employees may be unclear as to their managers expectations. Generally, where employers have adopted a more formal return policy, a degree of flexibility tends to be offered. The hybrid working approaches most widely adopted include:
- a requirement to come into the workplace only on specific days;
 - a requirement to come into the workplace for a minimum number of days; or
 - a combination of the two, sometimes done over a longer period.

Productivity and innovation

11. The impact on productivity of increased remote working has been difficult to determine, which in many instances reflects the difficulty some organisations have measuring their productivity. Consultees were asked a range of questions to understand changes to hours worked, output generated, quality of work and efficiency. Overall, the responses would suggest that productivity has remained broadly unchanged from pre-pandemic, with marginally more respondents indicating an improvement than those suggesting a decline. These findings mirror existing (albeit pre-Covid) evidence within this field.³

Figure 3: Views of consultees on their own firm's productivity since 2020, Apr-May 23



Source: Consultee responses; UUEPC analysis

12. In general, consultees were most likely not to have seen a change in productivity. However, those that noticed a change were marginally more likely to agree that their staff had increased their working hours, were generating more output per hour, producing better quality work and there was greater efficiency. It is not clear from this research if productivity improvements are more likely in specific sectors or as a result of management approaches adopted. A greater understanding of this issue remains important, more generally, to improve productivity in future.

³ Allen et al (2015); CIPD (2020)

“On balance we have seen very little change in productivity, which was not what we expected back in 2020, when we felt that delivering our services would take more time. A pleasant surprise really, but there are questions around the longer term.” (Consultee G)

13. Innovation is an aspect of productivity that is particularly difficult to quantify, however it is crucial for long term growth in the economy. Consultees highlighted that it was more difficult to facilitate idea sharing sessions in a remote/hybrid environment.

“Improving and innovating our processes is crucial to sustainability but we've found that the key staff have struggled to work without distractions. The sort of uninterrupted sessions needed for innovation are harder in a hybrid set-up.” (Consultee N)

14. Similar sentiments were observed in respect of collaboration, however this was more of an issue for staff working on a fully remote basis (rather than a hybrid model). Businesses reflected that opportunities to collaborate had reduced and there was a tendency to get lost in online communication. Management therefore must identify ways to make the most of time onsite to facilitate innovation and collaboration sessions.

“Our collaborative efforts have become a little more narrow, perhaps more focused but somehow lacking the dynamic nature we have when in person working – so yes this is an area which hybrid needs to ensure quality time in work.” (Consultee, FG1)

No desire to abandon remote/ hybrid working

15. Over the past year there had been suggestions that employers had a “secret desire” to return to the workplace full-time and that this was a “secret” because employers were aware of their employees’ strong desire to retain the flexibility of hybrid working. However, this was not seen as an issue by employers and many were comfortable with current arrangements, but they were reluctant to increase levels of remote working further because of the the potential risk to collaboration, teamwork and innovation.

Managing in a remote/ hybrid environment

16. Consultees reported that their management teams had adapted well to remote working and some organisations had used the opportunity to reform their management practices. However, some reported that managers had been blindsided by the shift in working patterns and the challenges associated with: visibility of staff workstreams; difficulty setting deadlines; and online communications/ virtual meetings.
17. Recent research, based on the Employer Skills Survey (ESS) and other longitudinal data, highlights Northern Ireland’s weaker management & leadership development compared to other parts of the UK, with managers, directors and senior officials being most in need of new and refreshed skills across all occupations.⁴ This existing context could be seen in the awareness of some consultees that managers will need further training to improve management approaches and practices in this new environment.

⁴ Engagement with and impact of management and leadership training in Northern Ireland SMEs (UUEPC, 2022).

“Our line managers have been put in the firing line, trying to manage in a situation they never expected or were trained for. Most, I’d say would love for everything to revert to 2019 with almost all of us in the office all the time. I don’t share that view, but I can see how it stresses those who do.” (Consultee H)

Mentoring and training in decline

18. Concerns were raised that experienced employees were spending less time mentoring and providing on the job training to more junior staff. It was recognised that this has long term implications for future performance of individual organisations and the career development of their staff alongside broader productivity implications for the wider economy. These concerns are consistent with survey evidence from the United States which indicates that only 25% of CEOs had adapted their mentoring practices following a shift to a hybrid model.⁵
19. Separately, Labour Force Survey (LFS) data shows that Northern Ireland employees receive less formal and informal training than in other UK regions, and while this has declined further since 2020, there is limited evidence that this has reduced as a result of the shift to remote/ hybrid working.

Culture also impacted

20. Organisational culture was one area consultees suggested had been negatively impacted by increased remote/ hybrid working, although respondents found it difficult to define what had been lost. One specific point raised on culture was linked to the onboarding of new staff and integrating them into the team and the organisational culture and ethos.⁶

⁵ Federal Reserve Bank of Atlanta

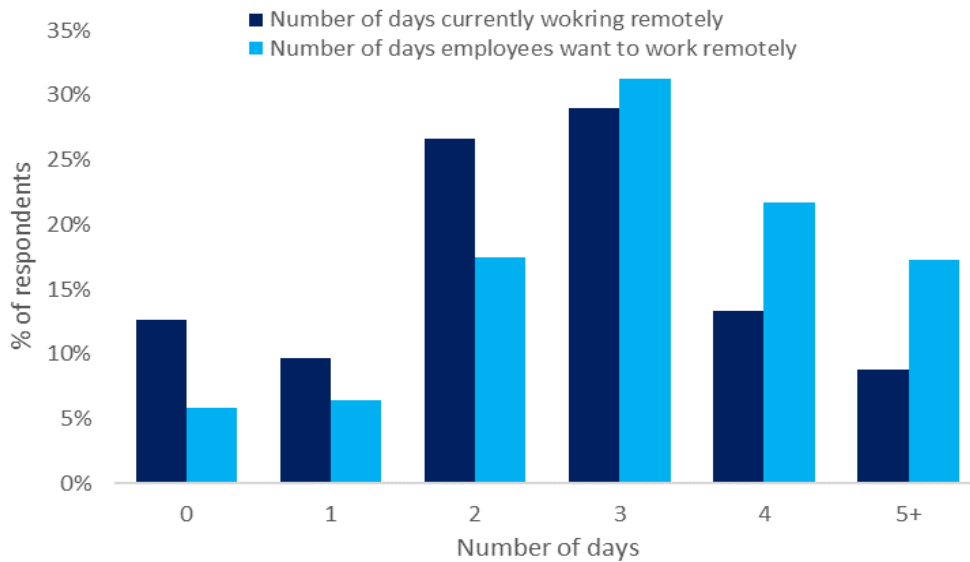
⁶ Similar findings can be seen in a survey of Dublin firms; see Dublin Chamber (2023).

3. Employee perspectives

Employees content with current arrangements – but would like a little more time working remotely

21. The UUEPC employee survey completed for this research showed that, of those working remotely, a hybrid format of 2 to 3 days per week away from the office was most common (55% of respondents). In terms of preference, employees expressed a desire to increase the level of remote working to 3 to 4 days per week (Figure 4). Employees working fully remotely made up the smallest proportion of respondents (9%), although 17% indicated this would be their preference. Overall, 80% of respondents said they were satisfied with their current working arrangements.

Figure 4: Current working arrangements, NI, 2023



Source: UUEPC Survey, N=865⁷

Co-ordinating time in work with colleagues

22. Employees identified that tasks such as building relationships (62%) and collaborating as a team (45%) were more effective in person. In addition, qualitative responses point to employees finding in-person days more useful when they are coordinated with other members of their team. Although many reported that working location made little difference regarding tasks such as managing and training staff. Overall, both employees and managers should work together to maximise the effectiveness of days in the office.

“I'd be happier to come in if other people were definitely going to be in to work with/learn from but I'm always really annoyed coming in and finding no-one else here.”

⁷ 87% of the 865 respondents worked at least one day per week outside the office.

Employees believe their productivity has improved

- 23. Employees clearly believe that the ability to work remotely has increased their productivity (which is consistent with other self-reporting surveys), however this may be due to perceptions of productivity. More specifically, employees will spend time in the office to catch-up, collaborate and discuss ideas with colleagues, which although important for building relationships and innovation, there may be a view that they did not “complete any work today” as other specific tasks remain outstanding.

“It is hard to compare in office productivity now, as their main purpose is connecting and catching up so very little obvious work is done.”

“If you are working on a particular project such as report writing or funding applications, working from home is much more productive.”

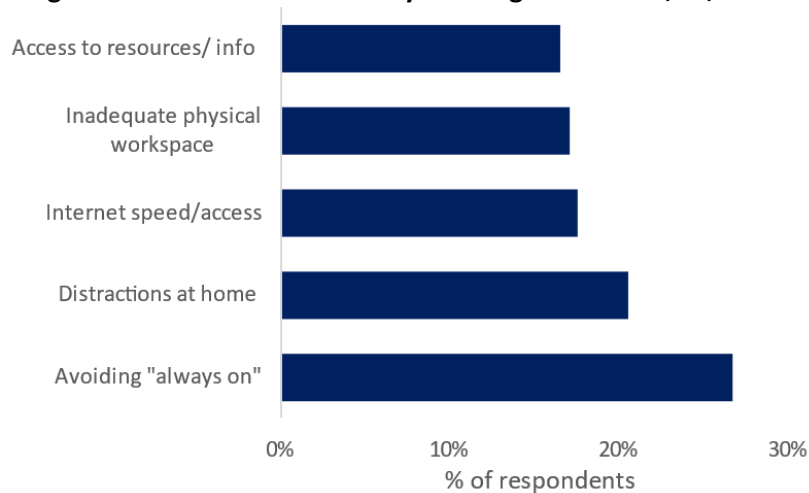
Well-being also an important factor

- 24. Employees report a notable increase in well-being due to remote working. In particular, better mental health, improved work/life balance and reduced feelings of isolation/ not being part of a team. Other benefits included increased flexibility, reduced commuting times and more personal time. This improved well-being is in contrast with findings in the period following the initial lockdown restrictions when responses surrounding well-being were more mixed. However, the key difference now is that remote/ hybrid working is voluntary and individuals can choose the balance that best suits their circumstances.

Challenges to successful remote working

- 25. The two most significant issues identified with increased remote working was the “always on” issue and distractions at home. Ironically, distractions, albeit of a different nature, are often cited by employees as a challenge to working in the office. Other challenges identified could fall under a broad definition of ‘infrastructure’ including access to broadband, appropriate space to work when not in the office and finally accessing information or other office based resources. This final issue could become a priority during time in-work.

Figure 5: Barriers to successfully working from home, NI, 2023



Source: UUEPC Survey, 2023

Note: Respondents could select multiple challenges so responses do not total 100%

26. Other challenges noted in the qualitative responses included: costs associated with working from home such as: heating, electricity and broadband usage; and management style with some experiencing poor communications and reduced training.

A benefit to those with caring responsibilities

27. A significant majority (82%) of respondents with caring responsibilities said that remote working had made carrying out those responsibilities “easier” or “much easier” whilst in employment. The flexibility and reduced commute has helped many families. However, of the minority who did not experience an improvement (80% were women), there was increased pressure and stress balancing both professional and caring responsibilities.

“Remote work has led to increased expectations that we can deal with childcare and work at the same time, the stress is exceptional.”

Overall, increased remote working is a positive change

28. The wider adoption of remote working during and following the pandemic has changed how many employees view their working week. The previous UUEPC employee survey (conducted in 2021) found mixed views on remote working, but this more recent survey is more positive, albeit with some challenges to be addressed.
29. Increased well-being through greater flexibility and improved work life balance, appear to be the primary reasons employees are keen to maintain (or even increase) the days they work remotely. This view is held to the extent that employees indicate they would seek alternative employment if remote/ hybrid working options were removed.

4. Broader economic considerations

Reduced High Street spending and limited displacement spending

30. Overall, the employee survey data suggests that less money is being spent now relative to pre-pandemic times. Approximately one third (32%) indicated they were spending less compared to pre-pandemic, with only 18% spending more and 40% spending the same. Although this may reflect the more challenging economic environment rather than a permanent change in spending behaviours.
31. The survey data also identified limited displacement spending from urban centres (i.e. near the workplace) to local High Streets/ sub-urban areas (i.e. near the home), but this is also lower. On days employees are working from home, almost half (46%) indicated that they were spending less on their local high street than they would when they were in the office.
32. Other UK spending data⁸ shows hospitality (i.e. pubs, restaurants & fast food) and entertainment spending has only recently just returned to pre-pandemic levels, in contrast to other sectors such as retail (including online), food & drink (non-hospitality) and travel which have experienced a more positive recovery.
33. Despite an increase in footfall in Northern Ireland during the first quarter of 2023, levels still remain 14% lower than in 2019, primarily due to the reduction in weekday footfall. At the UK level, footfall has dropped by 3% at weekends compared to 16% during the week.

Productivity impact mildly positive but not conclusive and is that driven by sectoral/ occupational factors or management approaches?

34. There is general consensus that productivity is difficult to measure for many organisations and as set out above, this research found that employees were more positive about the productivity benefits of remote working than their employers. That said, employers were still marginally more likely to report that remote working improved rather than reduced productivity.
35. More broadly, the evidence of remote working on productivity is not conclusive but more likely to point to either no impact or a mildly positive impact on employee performance⁹. Individual case studies (on Asian call centres and ICT firms) showed that total output rose but output per hour may have fallen¹⁰.
36. Whilst the sectors and occupations which are most suitable for remote/ hybrid working are easily identified, it is much less clear the extent to which productivity improvements are driven by sectoral/ occupational factors or management approaches.

⁸ Source: Revolut card spending, ONS

⁹ (Allen et al (2015); CIPD (2020))

¹⁰ (Bloom et al (2015); Gibbs et al (2021)).

Reduced commuting has environmental benefits

37. Commuting contributes to increased air and noise pollution, negatively impacting the environment and residents in commuting towns. A lower level of daily commuting, particularly single occupied vehicles, has a positive environmental impact on congestion, emissions and fuel consumption. In addition, employees with longer commutes typically work remotely more often if possible.

Recruiting from a larger labour pool but only to a limited extent

38. Recruiting from a larger (possibly international) labour pool was one of the potential benefits of remote working initially identified when lockdown restrictions were still in place. However, as organisations returned to the workplace, albeit on a hybrid basis, the geographic scope of potential recruits narrowed. In a relatively small geographic region such as NI, recruiting from across the province is easily attainable, particularly if in-work attendance is restricted to a few days per week or month, but very few examples of successful international recruitments were found. One consultee recruited staff from Scotland during the pandemic but indicated issues around integration with other members of the organisation and they ultimately left the firm.
39. As an approach for international recruitment, it has been applied a lot less in practice than was initially considered likely.

Re-engaging the economically inactive also limited

40. Remote working was also suggested as a tool to help re-engage the economically inactive, particularly those with caring responsibilities. The data initially suggested some progress had been made with this group, but more recently data has returned to pre-pandemic trends. Broader research would indicate that a more holistic approach to re-engaging the inactive is needed for this transition to be successful, particularly around the need to combine with skills development programmes.
41. In future, as the population continues to age, remote/ hybrid working may be a route to keeping those who take on caring responsibilities and also want to remain in employment. This group would not have the skills barrier to overcome.

Potentially creating shortages in areas where remote working is not possible

42. The proportion of overall jobs in the economy currently suitable for remote working is relatively concentrated in specific sectors and occupations. In the long-term, remote/ hybrid working could make certain sectors and occupations more attractive to employees and therefore cause **potential** shortages in other key areas (e.g social care). This is unlikely to be a short term impact but it would be important to continue to monitor trends to identify if challenges emerge.

5. Next steps for management

43. Remote/ hybrid working has created a range of new management challenges for which very few current managers have been trained to address. These include:
- Maintaining equality in the work place – this covers a range of issues including: dealing with a staff group where some roles are suitable for remote working and others are not; currently higher earners are more likely to be working remotely/ on a hybrid basis; ensuring policies are applied consistently by all managers; and ensuring that a lack of physical visibility does not disadvantage or reduced career progression prospects;
 - Spending time in-work more wisely and developing new management practices to address the following:
 - Managing performance – the consultations identified issues such as maintaining standards and managing staff performance as a greater issue in a remote environment world.
 - Training & development – formal courses can be more easily delivered on-line but other tasks such as on-boarding new staff and mentoring junior staff is more difficult in a remote working environment.
 - Team/ culture – creating and maintaining a sense of place, purpose and common values requires constant re-enforcement. Management techniques to build this in a more virtual work environment need to be developed.
 - Productivity/ innovation/ collaboration – to allocate specific time for collaboration and innovation to drive long-term productivity improvements.

About UUEPC

UUEPC is an independent research centre focused on producing evidence-based research to inform policy development and implementation. It engages with all organisations that have an interest in enhancing the Northern Ireland economy. The UUEPC's work is relevant to Government, business and the wider public with the aim of engaging those who may previously have been disengaged from economic debate.

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