



Sal Partners Insights

A Newsletter Focused on the Most
Significant Leadership Issues



Sal Partners
Insights

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Flexible Working.....

A workplace fad or an economic strategy?

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So, the question for many right now is how will 2021 look when it comes to workplace flexibility? Is it here to stay? What impact has this newfound “freedom” (somewhat ironic, as I write this amid lock-down 2.0) had on our mental health as well as our work performance? Economically justified or simply an opportunity for us all to gain some semblance of a balanced work/home life?

Over the course of October Sal Partners gathered the opinions of our network from across continental Europe in an attempt to shed some light on the topic.

In the eyes of the employee, the positives & negatives of flexible working and the associated health benefits. In comparison, the perspective from management; how has such a change impacted team engagement, productivity, staff retention and profitability?

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Perception

Whilst flexible working will always present a variety of challenges for the employee, it is clear that the majority of our network reported an overall positive experience. (Figure 1). Looking ahead to 2021, the majority of respondents reported that they would like to retain a level of flexibility, with a return to the office three days per week being the most popular (Figure 2). Such a split is perhaps unsurprising given the intensity of what for many has been their first experience of flexible working.

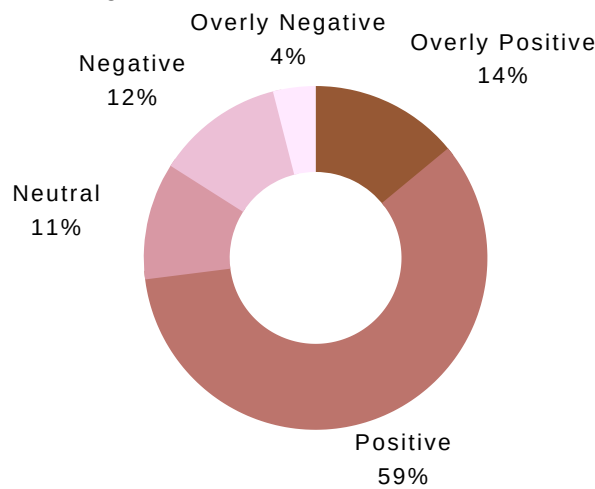


Figure 1 - Overall perception of working flexibly

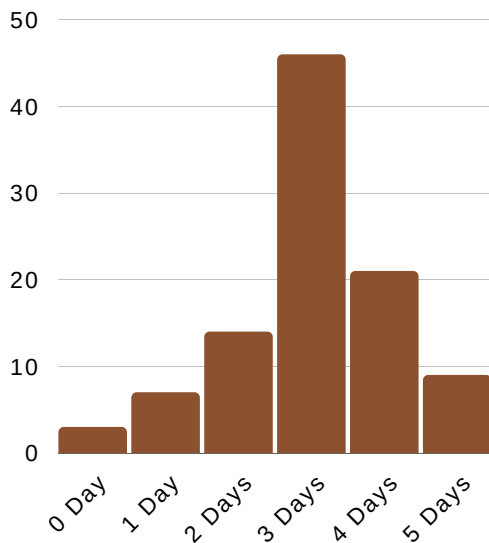


Figure 2 - 2021 Preferred days working from the office

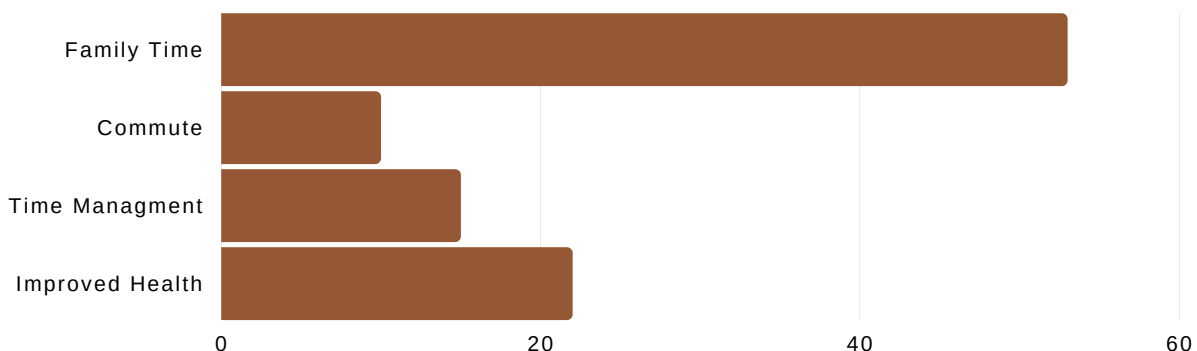


Figure 3 - Positive benefits to flexible working

Associated Benefits

Flexible working has been shown to positively impact our lives in a variety of ways with our network citing improvements to both their relationships and overall health (Figure 3).

A greater feeling of independence and an ability to plan our day around other commitments not only gifts us more time, it helps improve our work-life balance which greatly influences our mental well-being (Figure 4). Secondary to this, the reported health benefits; improved diet (brought about through a proximity to the kitchen), more time for hobbies and the creation of a sleep schedule which aligns to our personal situation.

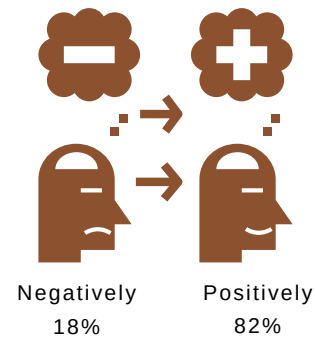


Figure 4 - How flexible working has influenced our mental health

The rising costs of city living has led many of us to explore housing options outside of the main metro areas; flexible working has helped make this possible. At a time when personal finances are being monitored closely, salaries can be stretched further. As a result, secondary cities and rural towns are gaining increased attention. A recent article by Dice, a US technology career platform, highlighted that many employees would be open to relocating out of the major cities (accepting the associated cost-of-living adjustment) with the reported benefits off-setting the salary decrease.

Associated Negatives

Sadly, it's not all positive. Whilst we have all yearned for greater levels of flexibility and a break from the historical office 9-5, the impact of COVID-19 and the subsequent lock-down meant we were thrown in at the "deep-end". Adapting to this new environment presented numerous challenges, unique for each one of us (Figure 5).

Whilst advancements in technology have enabled us to work flexibly, it has also supported an "always-on" culture. An inability to "switch-off" was the number one reported negative from our survey respondents. Flexible work has clearly blurred the boundaries between our work and our personal lives. For the young couple, achieving a balance across childcare, home schooling commitments, work performance and factoring in time with the family is a constant challenge.

Many agree that our mental health has shown improvements through greater levels of flexibility, however, as lock-down progressed for a number of our network this quickly reversed, with loneliness ranking highly. How does the single millennial living alone deal with only interacting with people through a monitor? Whilst these platforms of course offer positives (cross-functional collaboration) within a local context they do not come close to a face to face coffee and the benefits of those simple water-cooler moments. Unless managed correctly, we are at risk of drifting further from the all-important personal relationships which play an integral part in us all having a healthy, happy mindset.

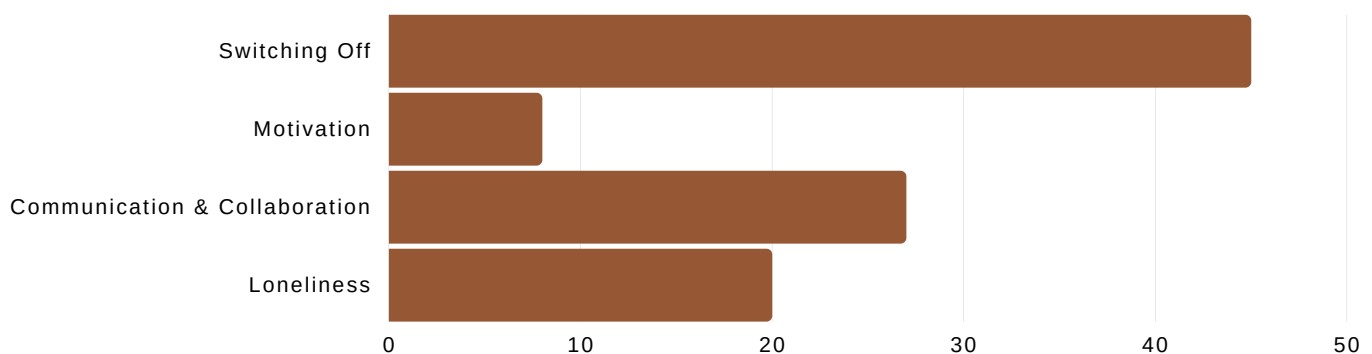


Figure 5 - Negative benefits to flexible working

Lockdown Lethargy?

Whilst the overall feeling towards flexible working is positive, the vote was split when our network was asked how their feelings shifted over the course of lock-down (Figure 6). For many this insight may not come as a surprise, however it does highlight the need for a balanced approach to flexible working,



Positive - 56%

Negative - 44%

Figure 6- Attitude to flexible working as 2020 progressed



Management Perspective

The question being asked is a simple one, performance, staff retention and engagement, how have these been impacted and what influence will they have on company profitability? In response - across all areas, our respondents reported either no change or a positive improvement (Figure 7). In support of this a recent Harvard Business Review study completed in partnership with Ctrip (the Chinese travel website) stated that productivity increased by 13.5%, engagement levels rose which in turn helped reduce staff turnover levels.



Figure 7 - Keys indicators

Talent Acquisition

Looking to the future, it is clear flexible working will play a vital part when it comes to attracting talent. Employees will actively seek organisations who offer levels of flexibility as standard rather than something they have to push and negotiate for. Employers will also be able to benefit from a more diverse workforce. Candidates who have previously held off applying for a position (given the living costs associated with the main metro areas) are now able to do so.

Headaches

Figure 8 shows the variety of challenges tax leaders now face. How do we manage our team remotely, ensure clear lines of communication, maintain team collaboration and a productive culture, whilst attracting new talent? By removing face-to-face contact communication levels will dip, teams will begin to break down, inefficiencies will creep in and the mental well-being of our colleagues will fracture. Technology can help minimise such effects, however, we must adapt our management style. It is clear that whilst there are benefits (such as a reduction in overheads, staff retention and talent acquisition) there are clear risks which must be managed.

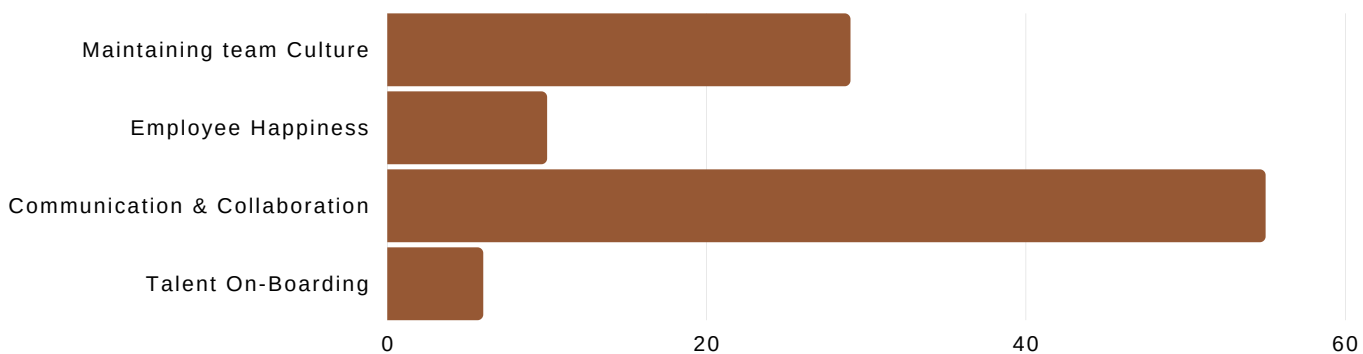


Figure 8 - Management challenges associated with flexible working

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Overall I believe flexible working can reduce costs, however, such a shift also raises issues around maintaining a team culture, collaboration and communication. 2020 will have a prolonged impact on where people work from and subsequently their associated compensation. If someone is able to work remotely, most likely in a lower cost location, the question must be asked - shouldn't they be on a reduced salary?

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Conclusion

Once restrictions relax, the question we are all asking is whether flexible working is here to stay, or will we all be craving a return to “normality”? In the eyes of economists and business leaders, can it truly improve performance, employee engagement, staff retention and ultimately profitability? Based on the findings detailed within this report the answer is clear. Flexible working will remain! Numerous trends are driving the flexible work conversation and these trends, if anything, are getting stronger. People are happy with the trade off that comes with the increased flexibility and its associated benefits in the knowledge that in exchange the 9-5 boundaries are no more!

"Numerous trends are driving the flexible work conversation, and these trends, if anything, are getting stronger."

By providing our workforce with increased levels of flexibility, when managed accordingly (i) we help improve the mental health of our employees (ii) the environment is positively impacted through a reduction in carbon emissions (iii) team dynamics are improved through greater levels of diversity (iv) we see a rise in employee satisfaction (v) a reduction in staff turnover and finally (vi) the urban-rural divide is reduced as organisations provide employees the autonomy to choose their place of work. Importantly, no clear negative impacts have been recorded on the management indicators discussed within this report. However, to sustain such benefits, a balanced approach must be in place. Get it wrong, our mental health will decline, teams will splinter and errors will creep in.

Looking to the future, the notion that we will need to work from one location full time is even more antiquated than it is currently. Being able to work from home has historically been viewed as a perk, whereas moving forward this will be a necessity. It will be vital for employers to get this balance right if they are to remain competitive in the talent market.

