

## Will hybrid and flexible work help or hurt productivity and well-being?

### EP.5 - Productivity Puzzles Transcript

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**Professor Bart van Ark:** Are hybrid working models good for productivity? Do employers and employees think differently about the pros and cons? And what does all that flexible working do for our mental health and wellbeing? We are going to find out. Welcome to *Productivity Puzzles*.

Hello, and welcome to the fifth episode of *Productivity Puzzles*, your podcast series on productivity brought to you by The Productivity Institute and sponsored by Capita. I'm Bart van Ark, I'm a Professor of Productivity Studies at The University of Manchester and the director of The Productivity Institute, a UK-wide research body on all things productivity in the UK and beyond.

It's actually surprising that some two months in this new podcast series, we haven't yet spoken here about one of the hottest potatoes on productivity during the pandemic and the post-pandemic world, which obviously is working from home. It has affected many of us, although, we'll get back to that in this podcast, not all of us.

In today's discussion we'll zoom in - no pun intended - here on the impacts of work from home and flexible working on productivity. Some have argued that the forced move to work from home during the pandemic has done wonders for people's and organisation's productivity - people saving time on commuting into the office and other time lost in getting around the office all the time.

And digital technology has really shown its true usefulness. But others maintain that in-person context and informal time at a water cooler has turned out to be much more valuable, even perhaps more productive than was previously thought. So maybe we should not quite go back to old times. In other words, if the pandemic hopefully getting into the rear view mirror of our daily lives, what do we want to keep in these working-from-home models, hybrids, and other types of flexible work and what can we do without?

And broadening this a bit more, what kind of competencies do workers need to be productive and stay healthy and happy in work? I will be discussing these interesting questions today with two panellists. First of all we are joined by Andy Start, CEO for government services at Capita. Capita is a consulting firm focused on transformation and digital services solutions between businesses and customers, governments, and citizens, and Andy leads the team responsible for helping governments to improve quality and efficiency in the services it delivers to citizens.

Welcome to this podcast. Thank you for doing this.

**Andy Start:** Thanks Bart

**Professor Bart van Ark:** So, Andy, we're going to talk at length about the potential benefits you and your colleagues see in the move to work from home in the longer term, but to begin on a personal note, what has been one of your own best experiences in working from home during the pandemic?

**Andy Start:** Well, I think my best experience was probably a team one, which was, it was the experience of mobilising the Capita team to support government through the crisis. And, and the reason it was such a positive experience was because we'd moved to working from home, and because we'd moved into a virtual environment, we were suddenly able to mobilize these enormous, enormous teams at scale in a way that we never could before.

So, for example, standing up a team of over 2,000 people in three weeks to support the Universal Credit crisis. We were able to put the teams onto the job. We were able to deliver that, to give them the training digitally and get them up and working at a pace you just could never achieve on the under normal conditions.

And we saw that in all sorts of different ways through the pandemic, from helping nurse returners, to helping local authorities transform their services to be remote and digital. It was an incredibly rewarding experience to be able to see that happen.

**Professor Bart van Ark:** Interesting. And we're going to come back to some of this during the podcast. Capita is a sponsor of *Productivity Puzzles*, but today's discussion is a free floating, a change of insights between Andy and our second panellist, Diane Coyle. Diane is a Professor of Public Policy at the Bennett Institute at the University of Cambridge. And she's also a director at The Productivity Institute overseeing our work in the area of knowledge capital.

In fact, as I mentioned, work from home is a hot topic and Diane has spoken to us on this very subject a few weeks ago at our business conference at The Productivity Institute with Professor Sir Cary Cooper from Manchester University, which really was a great 20 minute exchange. So you can find that conversation [on our website](https://www.productivity.ac.uk), [productivity.ac.uk](https://www.productivity.ac.uk), or on our [YouTube channel](#).

Diane, during that conversation - again, welcome to you as well - during that conversation with Cary Cooper, you showed to be somewhat of a sceptic on the virtue of work from home. So again, a personal question to you first, before we get into the depths here, what has been one of your worst experiences when working with working from home?

**Professor Diane Coyle:** Well, Actually personally, it's been the eyestrain - one time so bad that I got myself off to A&E to find out if something serious was going on. So there are health issues that employers are having to deal with. Do people have the right kinds of chairs? Is that eyestrain and so on, but I've personally hated it as well.

And it's partly because of the nature of my job is about exchanging ideas with people. And particularly with the younger researchers that we have here in the Bennett Institute and people I collaborate with elsewhere. Because it's just much harder to have that informal conversation and exchange of ideas in academic work when you're having to make appointments in hour-long slots to talk to people over one of these platforms.

**Professor Bart van Ark:** And again, the impacts on well-being, personal health and mental health as well, we're going to pick up as well. It's just really a difficult balance. We'll try to get to some of the facts here on what we know and how we can actually mitigate this going forward. So let's start with what we know so far about changes in working from home patterns.

The Office for National Statistics is following this closely and they recently reported that at the worst time in the second wave of COVID-19, so this was in February, 37% of those working were working only from home, 10% were working partly from home and partly in the office and 34% were still travelling into work permanently.

By the first week of June – so this is very recently, that report is on a very regular basis - those travelling into work permanently had gone up from 34% to 49%. Fifteen percent were now on a hybrid model and only 22%, rather than 37%, were working from home. So in a way, we seem to be converging back to the situation before the pandemic in 2019.

At that time, there was about 14% of people working on a hybrid model - so partly working from home, partly in the office. Now only 5% at that time were - before the pandemic - were working permanently from home. So the 22% that is now still working permanently from home, they either will continue to do so, or they will go to a hybrid model or they will actually go back to work permanently.

So the question really is, parallel to those numbers, what has happened to productivity of those workers because of that shift? And again, we don't have all the detail yet, research will be ongoing, but the great thing, Andy, at Capita is that you are actually doing regular survey work tracking how both managers think about their own personal productivity - as I just asked yourself - but also about their organisation's perception of productivity.

And you find some interesting difference there in the way that people think about their personal productivity and how organisations think about the productivity from these trends towards working from home.

So tell us a little bit more about.

**Andy Start:** So, absolutely. It's very interesting, that. We surveyed a whole range of managers across industries with support of YouGov and the two most common ways that people seem to view productivity are rather different.

One is a view of productivity which is around the quality of output that they're producing regardless of the amount of time that it takes to produce it.

And the other is around the efficiency with which they're producing things, i.e. producing more in less hours. And that mixed view of what productivity means impacts the way that people may respond to questions around productivity in ways we can't quite determine. But some very interesting results nevertheless.

As you've said, we've surveyed throughout the pandemic around people's view on both organisational productivity and personal productivity. On organisational productivity, it was very interesting to see that that over 70% of those senior managers surveyed felt that their organisations were either had the same level of productivity through COVID or were better.

53% of those felt that the organisation was more productive compared to only 25% said that they were less. And we've seen through successive surveys, we've seen that figure increase. When you go

on to personal productivity, the numbers are even higher. So, almost 80% felt that their personal productivity was either as good or better.

So that's, that's an interesting result. If we look at why people think that might be, well it seems to be some combination of their ability to use technology in new ways and to create new outcomes in the way, maybe, I talked about at the beginning. Having more focus, certainly less commuting was a factor.

But you know, whilst maybe I'm something of an advocate for homeworking, and particularly for hybrid working, it's not all positives. And certainly the data shows that people are working longer days. They haven't converted those commuting hours into purely increased leisure time.

And on average people seem to be working at least half-an-hour a day extra. So it's a mixed dynamic. But overall people feel that that organisations are more productive.

**Professor Bart van Ark:** But what was interesting, I think of those results or so is that indeed the managers themselves, from their personal productivity perspective, felt that quality of outputs was really the main driver, improve quality of outputs on productivity, whereas, from an organisational perspective, it was really about efficiency, right?

So it was actually the perspective was turning around a little bit. Then you wonder, down the road, how that is going to converge if we continue on these trends?

Diane, what's your reaction on all this and particularly on the productivity aspect - we'll talk about wellbeing which I know you care about, we all care about, a lot later - but particularly the productivity side. So, Andy, for example mentioned this issue of the length of working time. ONS has actually a great chart on their website, where they showed that over the pandemic, people working from home were spreading out their working time, over more hours during the year.

So, what's your thinking around these impacts on productivity from your perspective?

**Professor Diane Coyle:** Productivity is about the outputs you get for the input that goes in and for the kinds of jobs where people can work from home, the main input from their perspective is their time.

My perception and the survey results that I've seen suggest that people are working more hours, they've donated their commuting time to work. And there's none of the downtime between meetings and we all have them scheduled back-to-back. So I'd want to be quite careful about taking account of the extra time that people are putting in to think about the productivity impact of it. And my other question about it would be about how this plays out over time, because we've had 15, 18 months of this now, and you can see that there might be some longer term impacts that haven't yet materialised.

The issues that would concern me would be what's the effect on young people coming into the job market? We've been hiring people. I've hired people in the past year I've not met yet in person. And a lot of what you learn that makes you an efficient team member contributing to productivity comes from engaging with other people in the office.

So in my case, it's a young person saying I can't make this code work. Can somebody help me out? You don't set up an online meeting particularly to have that kind of a conversation with somebody. And all of the subtle things that you need to contribute to an organisation, how things work, what's the culture of the organization - how are young people going to learn those?

And then there's a question about the burden of other things at home and how that falls on unequally. So do women pick up more of the burden of the homeschooling that's been going on, the extra cooking and cleaning that's been going on in the home and what impact does that have on that own career paths, but also what they're able to contribute to their organisations and productivity over time?

And it seems to be the case from early evidence there is going to be a pay and career path penalty for women as a result of this.

**Professor Bart van Ark:** I'm very interested in the two perspectives on knowledge sharing. I mean, early on in the podcast, when you gave your first response Andy, you gave your own example of working with your team in a virtual setting and Diane, you're pointing at all the disadvantages of not being together in one place and have face-to-face in-person contact.

So yeah, this knowledge sharing, I'd like to have a little bit more from both of you, why you believe Andy that this actually could work very well and make knowledge sharing and teamwork better as Diane, you are more concerned. Andy, do you want to start?

**Andy Start:** So I think we've learnt that - so firstly, I wouldn't wish to paint this as an entirely one-sided story because there are some real benefits of sometimes being in a room together. On the other hand, if you shift your organisation to use collaboration tools really, really effectively, you are able to bring together pretty large teams using digital tools to brainstorm and share ideas in a way that is very effective. And in a space of an hour, you can do what would have taken an entire day with a dispersed team.

I run a team of thousands of people across the UK, spread through the length and breadth of the country, and if we will want to get together physically in the room to brainstorm something, people will be spending four or five hours on the train. So the opportunity to get round a virtual digital whiteboard and be able to stick up virtual post-it notes and to be able to collaborate around that shared whiteboard can be very effective.

Now it's not always ideal for every type of question. So if it's really about building relationships, there is nothing to compare to being in a room together. But if it's about a relatively mostly uncontentious topic, you can actually be very, very effective digitally.

**Professor Diane Coyle:** It's really interesting, this point you make Andy about the tools. And so for example, online shared documents is something that we have been doing much more. And I think as a result, there's more co-authoring going on in my area and that's probably going to be a good thing longer term. It does though, put a real premium on organisations and people being able to use these kinds of tools and we've already seen in the evidence on productivity that there's a growing gap between companies that use digital tools well in their productivity and pay for their people and

those in the so-called long tail not using them very well. So I think it's probably going to do sort out, you know, sheep from goats in that sense.

**Andy Start:** If I could just build on Diane's point, I think that becomes exacerbated by organisations that become comfortable using these digital tools are also likely to be much more comfortable adopting things like robotic process automation, to use digital tools to replace low quality jobs. And then it's just easier once you're in an organisation that accepts digital techniques, and is used to rapidly evolving, to start to insert the other things around RPA, AI and other optimisation techniques that really will boost productivity.

To Diane's point, there is a risk in this country that if that if organisations get left behind, they'll get left a long way behind.

**Professor Diane Coyle:** I did an interesting [piece of research](#) that's on The Productivity Institute website with an engineering PhD student here, looking at what happened in a couple of hospitals in Manchester and Cambridge during the pandemic. And the crisis meant that they were able to adopt digital ways of working - you know, the shared documents, the online meetings, and so on - much, much faster. It really speeded up the adoption during the pandemic. But the reservation, some of our interviewees had about it was, would the organisation stay changed so that the governance structures and accountability structures would continue to accommodate these different ways of working.

So I think for a number of organisations, that's quite a difficult shift to make, you know, it's quite difficult to use digital really well.

**Professor Bart van Ark:** Yeah. And, and indeed this specific study that you're referring to on, on the healthcare sector was the subject of [our third podcast](#) a couple of weeks ago. So you can go online and listen to that in a bit more detail.

But what I find interesting in both of your responses is that in terms of future trends, it's not just inequality between people working from home and people working in the office - and that could actually play a big role, which we'll talk about in a minute - but also a greater disparity or inequity between organisations who are quick on picking this up and organisations who will be falling behind.

So I thought those are really interesting trends to follow. Before we take a break very quickly Diane, I want to expand this a little, a little bit from sort of hybrid work and work from home to a sort of longer term trend in the increase in flexible work. You've done some work last year, it really was showing that I think in 2020, 23% of employed workers in the UK had some kind of flexible working schedule with quite often the working schedule being determined by the employer rather than by the person themselves.

So to some extent, I think this whole trend is fitting into that model of more flexible work. So what is the bigger perspective that you see here, the things we need to be aware of, the impacts on productivity that flexible working has? That's obviously good things because, you know, people, it might help productivity and people may want to be on flexible work, but it also has some potential risks.

**Professor Diane Coyle:** Yes, as you say Bart, over time there's been a trend towards these different patterns of working. And that includes self-employment, zero hours contracts, working on digital economy platforms. The onset of the pandemic and lockdown actually brought a drop in self-employment because a lot of people weren't able to sustain their incomes.

But over time there's been quite a strong, upward trend in these different flexible forms. And it's horses for courses really. The survey evidence and the work that's available on this suggests that for many people, this is attractive. They like the flexibility. They value it very highly. But there's quite a substantial minority who would rather not be working that way, or at least would rather have control over it themselves.

And yet they're at the beck and call of the employer who's employing their work in that way. So there's an issue about who controls the flexibility. But in terms of the impacts on productivity, the questions I would have about it are about the incentives to invest when people are working in that way, you know, almost a quarter of the UK workforce are working in this way.

What are their incentives to invest in equipment for their professions or trades and what are their incentives to invest in upskilling themselves? And for some of them, if they've got a commitment to self-employment independence, they will go ahead and do that anyway.

But again, there's that group who will have much less incentive to invest in skills and their employer isn't going to do it for them. And that means over the longer term a less productive labour force than we would otherwise have.

**Professor Bart van Ark:** Andy, how do we improve the incentive structure to keep people productive in a flexible working environment?

**Andy Start:** So I think Diane's really right to highlight some of the risks of being in a flexible environment. And if I just compound that before I, kind of, walk my way out of it, there are some real risks that that homeworkers in particular, pure homeworkers in particular, get forgotten and get left behind, particularly when it comes to things like promotions.

So, what that does is put a real burden on the organisation - creating a culture that is able to empower and enable a mobile workforce and have management who are as attuned to their needs and the dynamics as they are for people who are in the office. Because it's a different management skill managing remotely than it is managing in a work environment.

Some key parts to that - I think organisations must have to be much stronger on purpose because, because purpose not only sets, helps to motivate and energise employees and colleagues who are working remotely, but it also sets the tone about what's acceptable and what's not. I think you have to shift the mindset of leadership and management away from presenteeism and into focusing on output and on deliverables.

And that's a significant management shift for many, which requires a new leadership and management skills. And it requires an organisation to drive those leadership skills in, into all of their processes, into governance, as Diane has talked about earlier on and into training.



So particularly for middle management and for senior management, having a workforce that is a combination of remote hybrid and office-based requires more flexible and more capable leadership than you would have in maybe a more traditional organisation.

**Professor Diane Coyle:** That's very interesting, Andy, because in the conversation I had with Cary Cooper, that's the emphasis he put on it. And he talked about the need for leaders to have emotional intelligence if we're going to make this work well.

**Professor Bart van Ark:** And that topic of competencies, both for leaders as well as for workers, we'll come back to in the second half of this podcast. First, we're going to take a little break to give you listeners an update on what else is going on at The Productivity Institute.

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**Professor Bart van Ark:** Welcome back to my discussion with Andy Start from Capita and Diane Coyle from Bennett Institute at the University of Cambridge and The Productivity Institute. So I want to pick up on where we left the discussion on flexible work and the impact on productivity, but now focusing a little bit more on these other parts that is so important, and that is how workers feel about it. A lot about their wellbeing. And the health, their personal and their mental health. And the concern really is that there's a bit of a trade-off here, right? That if we assume that our productivity gains to be harvested from hybrid work, it might go at the cost of people's worker engagement and wellbeing.

It might be, it might not be - that's what we're going to discuss here. So here again, a couple of data from the Office of National Statistics. Very interesting. First of all, prior to 2020 - so prior to the pandemic - employees who work mainly at home were paid on average 6.8%, less than those who never worked from home.

And that's after controlling for some factors like age and occupation and industry. Secondly, prior to 2020, employees who worked mainly at home were less than half as likely to receive a promotion compared to those who consistently work mainly in the office or away from home. And this finding is even true after you control for again, age and industry and occupation. But at the same time, quoting ONS numbers, it turns out that the sickness rate of people who work mainly from home was



already a half to 1% lower than those who never worked at home before the pandemic. And during the pandemic, that gap even increased to one and a half percent, which perhaps is understandable because of the risk of being exposed to the virus.

But even before the pandemic, people working from home were less often sick. And secondly, while feelings of anxiety and loneliness and overall happiness have affected everyone during the pandemic, obviously, people working from home seem to have suffered less, slightly less, than those that didn't. Although in this case, it's not controlled for job characteristics, so there may be a bit of an element.

So anyway, what the results show is a sort of mixed story. So, Andy I think the question is there, is there, a way to avoid this trade-off between the productivity advantages of work from home and hybrid work versus the integrative flexibility versus the lower paid, the lower productivity; the risk that you have around sort of health and wellbeing. And you put a lot of emphasis at Capita on how, again, technology innovation can help. You mentioned some of that before, but aren't there risks there too? So, what are the tools to keep people productive and engaged in these kinds of hybrid working models?

**Andy Start:** I think, let me speak firstly, to the kind of extreme example where you've got a large workforce that is just working from home. I think that in those circumstances, you've got a combination of technology and commitment. So on the technology side taking Capita as an example, we use a whole plethora of technology tools to help us understand the productivity of our teams.

Lots of data, lots of that lie around what's being achieved and the output is being achieved and lots of tools to really drive engagement. Both horizontally across the organization to make people feel involved and included and supported and vertically between between colleagues and their managers. Tools like Yammer can be very, very powerful within an organisation to create communities and particularly if you support that with employee engagement groups around topics that people really care about. That can really help bind people into the culture and the purpose of the organisation, that helps with mental well-being, it helps with feeling supported and it helps with people feeling motivated and engaged to do more.

Clearly Teams, video conferencing chat from a technology perspective can be very powerful. But also as we talked about earlier on, once you've got an organisation that is open to the introduction of technology, you can start to introduce much more in terms of robotic process automation and the use of AI for the parts of the role that are not really adding value to the relationships that you have with your clients.

If you shift away from a pure remote environment to a hybrid environment, I think you do have the potential for kind of even the best of both worlds, which is the opportunity to not only have a workforce that is, that is flexible and efficient, but one that has opportunities to really get together and really enhance the relationships that are held back, to some degree, by only engaging through a screen. And we've, it's very interesting as we come out of lockdown, both the appetite to want to do that and the positive impacts it's had on relationships as we're just starting to see a return to a more hybrid workforce from then than a pure work from home workforce.

**Professor Bart van Ark:** Diane.

**Professor Diane Coyle:** I think it depends on what the, what the business or organisation does actually. When you say productivity, a lot of people think about it in terms of you're working people harder, you're getting more out of them. It's about sweating the labour. And actually that's not what we mean as economists. And so productivity will be improved if people have better equipment to work with or they're better qualified, their human capital is higher. And so for many organisations, actually the productivity is the quality of the service that is being provided.

So if you take an example like nursing or working in a beauty salon or even management consultancy, you know, there are lots of service activities where what really matters is the quality of the work that people are, are providing. And that's going to depend really enormously on how they feel about their job. How committed are they? How happy are they at work? What's their sense of purpose in doing it? So, I think it's important to keep those sorts of distinctions in mind. The other point picking up from what Andy was saying is about automation.

And when we talk about automation, it's generally very negative and we think about jobs being lost. But my dad and my aunts and uncles worked in cotton mills in Lancashire, in the 1960s and 70s. They were horrible jobs. And so on the one hand, there's the devastation of those industrial areas caused by the rapid shutdown of all the factories but they were not jobs worth having. They were dangerous, noisy, dirty, hard work. And so, you know, part of the productivity story is about using automation to do things that we don't, really shouldn't really be wanting people to do. And that's both good for productivity as we normally measure it, but also over the very long term at any rate, good for people's wellbeing.

**Andy Start:** As someone, as somebody who started their working career in the cotton mills, or at least the textile mills, the textile mills of the Midlands, I can definitely agree with Diane's observation that there are some jobs that really just are not that pleasant and very nice to see them automated.

Some very interesting data from the OECD that speculates that 1.1 billion jobs will get transformed as a consequence of technology. And that could be really frightening, except for the fact that the World Economic Forum believes that there's going to be a net increase in jobs.

So this is about a shift. Not necessarily reduction, but that, that does create kind of real challenges on people who have done a historic role. And how are they going to learn the skills for that new world and that new environment?

**Professor Diane Coyle:** And if you think of a sector where it would be not only good, but essential to see productivity increase like social care, whether it's huge funding pressures and huge demand. Then you can see a world where actually those jobs are much better quality. You're using the technology to do remote monitoring of patients, for example, or people being cared for. There's all kinds of parts of that, that you could see being automated or enhanced by technology. And that would free the time of the carers to upskill, but also to spend more quality time with people that they're caring for, make it a more satisfying, emotionally satisfying job, as well as they're not rushing all the time. So you could see a pathway towards that, but that's quite a difficult transition to make.

**Andy Start:** Diane, if I just build on that one. A huge part of what Capita does is helping both government and organisations engage with citizens.

And what's been really interesting as we've shifted from what historically used to be call centres to multi-channel engagement, engaging through applications, engaging through websites, web chat, as well as talking to people. What we've learned, is that the majority of people have a better experience for simple things when they can engage through an app.

If we can get the majority of interactions that are simple through an app, which is better and easier, then we free up time for people to deal with the really complex stuff in a much more empathetic, caring, and complete way. What people want when they've got a complex problem is to be able to talk to somebody who cares, who will stick with their problem until it's solved.

And you can't do that with high levels of productivity if you're dealing with all of the transactional stuff, but if you can make the shift, you can create a much higher quality engagement. And that's what we're doing with all sorts of clients in all sorts of sectors.

**Professor Diane Coyle:** That's very interesting - this time and quality and emotional engagement nexus seems to me very important for a lot of service sectors in terms of productivity.

**Professor Bart van Ark:** So, so I'll be the one this today who will be a little bit more, sort of, cautious here, because I really wanted to bring us back to this whole issue of well-being and working from home. I mean, we mentioned earlier that people working from home tend to work longer hours.

It's great for us - I don't quite know what offices we have, but we probably in a pretty good place working from home to do our work. A lot of people are not, they live in smaller places they have kids, they're have to schooling their kids and things like that. There's a lot of challenges. So the question now is what are organisations going to do to help workers, to, you know, thrive in this new environment with all the great things that you were mentioning.

And this is a real question, because at some point it can, an organisation can become paternalistic right? I mean, there's this example of companies who tell their workers that you can't, you can't have access to emails anymore after 6.30 in the evening or in the weekends.

Well, I understand why they're saying that, but on the other hand, it's very, very paternalistic to do that. So, my question, I think to both of you also is how do we engage with workers? How do organisations engage with workers to settle into this new environment without sort of, you know, getting almost like big brother, big sister on how they should be organising their work life versus the private life.

**Professor Bart van Ark:** Diane

**Professor Diane Coyle:** I remember from my student days reading a paper and I can't remember the author's names now, a study of a factory in Massachusetts or New Hampshire where the owners had given the employees control over how they ran the pace of their production lines. And the workers, who were mainly women, reorganised themselves, changed the structure of how they did things and the productivity of the factory increased significantly.

But then the employer has decided that they would just revert to the way things were because they didn't like the loss of control. And I think my answer to your question is that the key is about the autonomy of individuals. And particularly in, you know, sectors where knowledge is important,

where people are highly skilled and qualified employers will get better productivity if they recognise the autonomy of the workforce.

But I think it applies across the board as well. You know, we were talking about the flexible workers and the ones who had the lowest well-being and were least happy with how things were going were the ones where they had no control and all the decisions were down to the employers. But you probably need to talk to somebody with psychology experience rather than an economist on this, as we're not known for emotional intelligence.

**Professor Bart van Ark:** Andy, I'm not sure we can call on you for that, but maybe you can help us out.

**Andy Start:** No, I can't. I can't argue with Diane's comment around autonomy, but what are those factors in autonomy? Is it giving employees and colleagues a choice? In Capita we surveyed our workforce, and have continued to do so through the pandemic, in terms of their preference for where they want to work.

And by far, the vast majority want to have a flexible working arrangement. Most don't want to be in the office, although some do. Most don't want to be purely working from home, but some do. But the vast majority want to have the ability to work two, three days in an office and the balance of time from home.

And I think that flexibility and allowing people to vary that time around what they're being asked to do and how they're feeling as people I think is incredibly important. Mental health is, we talked about sickness, we've seen a dramatic reduction in in sick days through, through the pandemic despite the fact that we have a pandemic going on. But the biggest issue that remains is mental health.

And we've put an enormous amount of support around employees around mental health in terms of training, in terms of employee assistance, in terms of trying to encourage the right conversations, but having a flexible working arrangement where people can get together can really help to relieve some of those mental health challenges of feeling isolated.

**Professor Diane Coyle:** There's an inequality there too. I think the mental health issues for younger colleagues are really quite serious.

**Professor Bart van Ark:** Yeah, again, that's something that we definitely need to pay attention to. Look, it's a fascinating conversation, but we only have a few minutes left, but I do want to make sure that we touch on this issue of competencies because it was in skills, it was mentioned earlier, Diane, you mentioned the importance of emotional intelligence being perhaps even more important now than it ever has been.

Can each of you talk a little bit more about what needs to be done in terms of training people in terms of getting people ready to work in this new environment.

Where would your emphasis be in terms of competencies and skills, Diane?

**Professor Diane Coyle:** Well, I suppose one obvious place to start answering that is digital skills and particularly in smaller organisations and people working for those much less familiarity. A few years ago, I did some work on cloud computing and the distinction between companies that are able to use cloud services and progress from quite basic ones, email or storage to increasingly using the AI tools that you can access on those platforms. So thinking about what the digital pathway is, I think is one area of skills if we're going to have this hybrid world and future.

**Professor Bart van Ark:** Andy?

**Andy Start:** And I think to add to that - there's a lot in terms of specialist data and AI skills - but to add to that, I think we're going to see an increasing desire for stronger soft skills. Diane talked about emotional intelligence. But I think if we consider the move, the automation of many jobs in, for example, the simple jobs of driving – we're going to see so many driving jobs disappear over the next decade.

Those individuals are going looking for and needing new work and the new work that they're likely to be able to find, but where are the jobs that are about engaging with people and about helping people and because, that's, that's the area that is so much more difficult to fully digitise and automate.

So helping with soft skills I think will be a real dynamic. I think an interesting question for us is what is the role of the state and state education versus the role of employers and the role of individuals in terms of learning all of these new skill sets? I was really, really pleased to see the shift in government policy over the last couple of years back towards valuing further education and back towards valuing lifelong learning.

Because there's going to be an enormous job of not only helping young people understand these new skillsets but in, but helping people who then transition out of those roles that are going to be lost through automation into the new skillsets. And that means a lot of adult education is going to become incredibly important over the next decade.

**Professor Diane Coyle:** But I'd add if I may, that with the whole high school curriculum and approach is completely failing the economy and young people going through it, but that's a subject for another podcast I suspect.

**Professor Bart van Ark:** Yeah. And I was just going to wrap up with that and say, well, there's a whole question about who's going to provide those kinds of skills? Where do people pick up those kinds of skills?

And that's indeed a subject for another podcast. And maybe I'll ask you both, the two of you, again to join us. Thank you very much for this conversation on hybrid work, work from home, flexible work, the impact on productivity and well-being. Thank you to both our panellists, Andy Start and Diane Coyle.

**Andy Start:** Thanks very much

**Professor Diane Coyle:** Thank you.

**Professor Bart van Ark:** And our next episode of Productivity Puzzles, we will go back to our regional focus and talk about productivity in Northern Ireland. We will be joined by Professor John Turner of the Queen's University Belfast, Dame Rotha Johnston, who's a director of Northern Ireland Electricity and Chair of The Productivity Institute's Northern Ireland Regional Productivity Forum and we will talk with Dr. Esmond Birnie from Ulster University, who is an expert in the Northern Ireland regional economy.

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