



The New Era of Remote Work

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- Significance of Covid-19
- Industrial and Geographical Situation
- Remote Work's Impact on the Economy





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Analysing the remote work model through various perspectives and determining its significance and its future.

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Executive Summary

In analysing the impact of Covid-19 on the remote work model, it's clear that the model has already become a permanent part of the UK's system.

Remote work and the significance COVID-19 has played in establishing the current work culture: COVID-19 significantly increased the proportion of people working from home accelerating a steadily increasing trend. For many, it was the first time trying remote work which led to a change in the opinion of a significant portion of the population. Together with many benefits for the businesses, and with confirmation about unchanging productivity, many businesses decided to continue with such a work model.

The Industrial and Geographical Situation:

Many industries are not well-suited for remote work, particularly manufacturing and food services, which typically have the fewest employees working from home. Additionally, there is a clear correlation between the predominant industries in a region and the proportion of its workforce that can work remotely. As a result, it is anticipated that as certain regions develop, they will experience a significant increase in remote workers compared to others. For instance, London currently has the highest percentage of remote workers, a trend that may continue as other regions evolve.

Remote Work Impact On The Economy:

Economic projections suggest a migration of significant economic activities from bustling urban centres to residential suburbs, driven by reduced commuting needs as more employees work remotely. This shift is expected to result in decreased foot traffic in urban areas, subsequently leading to a contraction in local service jobs dependent on urban worker populations.



Introduction

Remote work and the significance Covid-19 has played in establishing the current work culture

Working from home has become common in current times, especially after the Covid-19 pandemic at which point almost half of the workers were working from home as it can be seen in Fig.1.

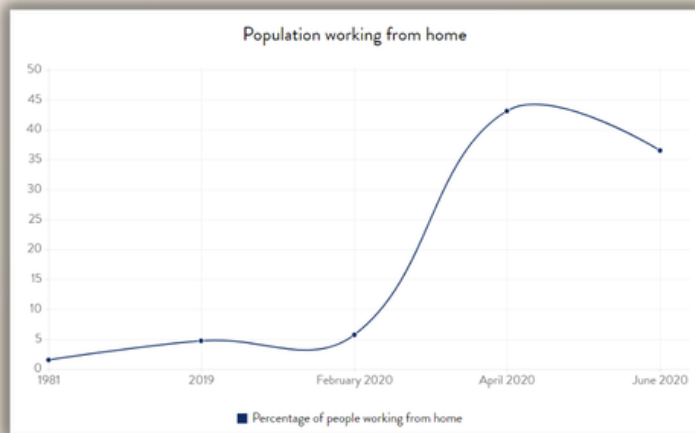


Figure 1: Population working from home in the UK in the range of 1982-2020

The sudden shift to remote work during the pandemic had a lasting impact on workers, even after isolation requirements were lifted. For many, it was their first experience working from home, which significantly altered public sentiment towards remote work. Initially, only 11% of employees preferred to work from home full-time, and 21% part-time. Post-pandemic, these numbers rose to 20% and 37% respectively, as shown in Figure 2. This significant change in opinion prompted many companies to reevaluate their remote work policies, viewing them not as temporary measures but as permanent adaptations.

This insight became particularly crucial for employers upon realizing that the overall impact of homeworking during the lockdown on productivity was neutral: 30.2% of employees reported a decrease in productivity, 28.9% observed an increase, and the majority saw no change. Moreover, from July 2022 to July 2023, companies with fully flexible work policies saw a 5.6% increase in headcount, hybrid companies grew by 4.1%, and those with strictly in-office policies grew by 2.6%. This consistent trend across companies of various sizes underscores a growing preference for more flexible work environments. Additionally, the mental well-being of employees, with nearly 50% reporting improvements, was another critical factor considered by employers in the shift towards remote work.

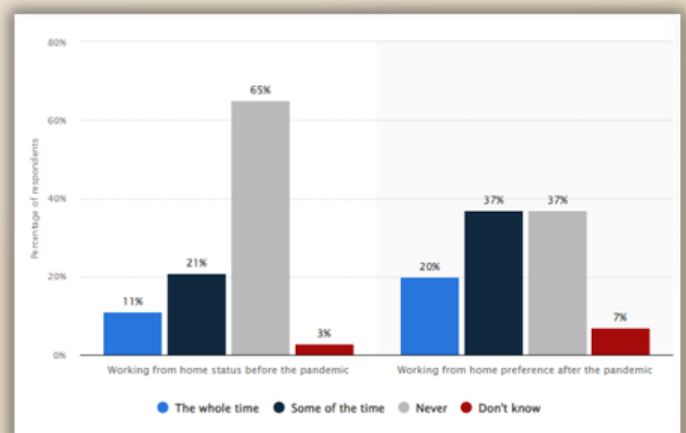


Figure 2: Working from home situation before the Coronavirus pandemic and preference afterward



The Industrial and Geographical Situation

Although many businesses adopted some variation of remote working, not all of them are suited to such a model. The highest percentage of workers who worked at home in 2020 was from the information and communication industry reaching 69% followed by financial and insurance at 63%. On the other side, the lowest percentage are industries such as accommodation and food with 11% only as seen in Fig.3.

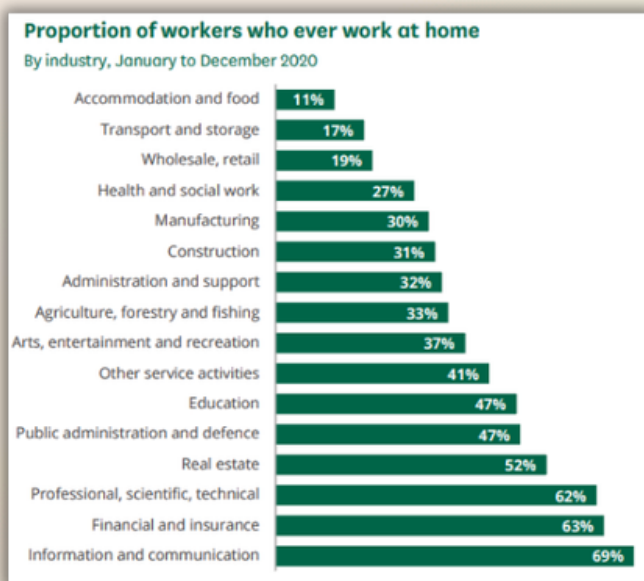


Figure 3: Proportion of workers who worked at home in 2020 by industry

Most of the industries with high a percentage of working from home often require higher education with some outliers such as health and social work, pointing towards possible correlation. Additionally, another correlation can be pointed out between average wages and the industries with lower percentages.

There are also regional variables for those doing their work at home with London being the clear leader at 57% of workers doing any work from home as seen in Fig.4.

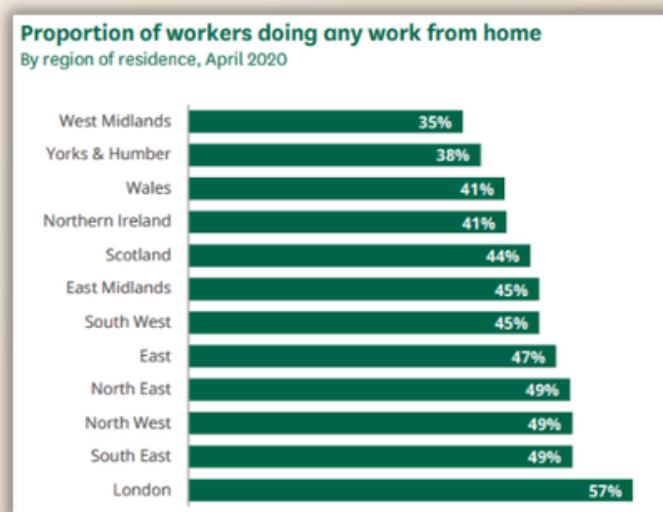


Figure 4: Proportion of workers doing any work from home in 2020 by region

It can be seen that Wales, Scotland, and Northern Ireland had a similar proportion of homeworkers whereas West Midlands had the lowest proportion. Comparing London and West Midlands by dominant industries in those regions, the correlation is apparent between Fig.3 and Fig.4 where there is a huge gap between Manufacturing and London's dominant industries such as Financial or Real estate. That implies some regions will not be shifting towards remote work due to the nature of their development.

Remote Work Impact On The Economy

The change to remote working means that the areas with large economic activity will be reduced and moved to residential suburbs. Fig 5. shows the effect of the pandemic.

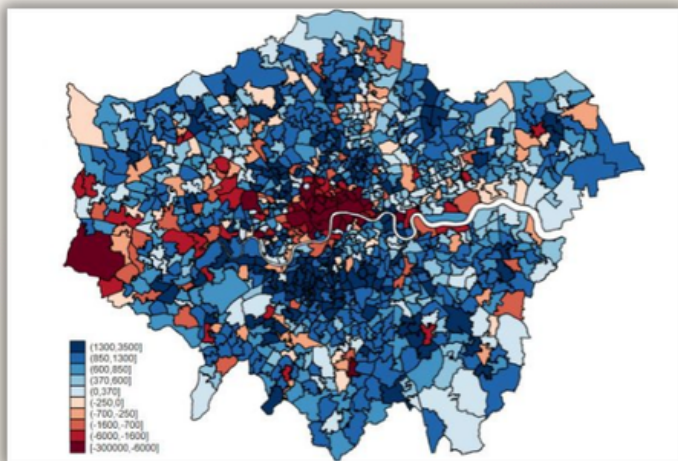


Figure 5. Estimated change in neighbourhood economic activity across London due to the increase in remote working during the Covid-19 pandemic

This effect is replicable in other large cities and the permanent change in remote working will shift £3 billion in annual retail and hospitality spending out of the largest city centres in England and Wales. Furthermore, the changes will lead to fewer jobs in local services.

Future Outlook

Remote work is a permanent reality for the UK and offers many benefits such as increased flexibility and scalability but it also brings challenges like security, or maintaining quality. It has proven beneficial to many and often should be an option for every employee in certain industries however it needs to be balanced with regular work days in-office to make it most effective for the employer and healthy for the employee.

In the future, depending on the development focus of certain regions, the remote work model may be abundant in some places but barren in others.



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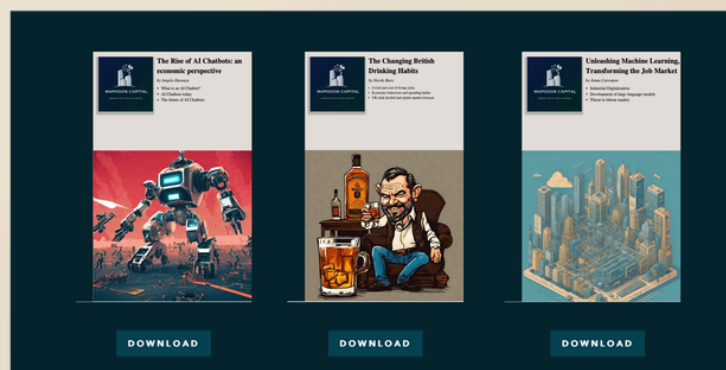
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