

SUMMARY

# Productivity, the workplace and Covid-19



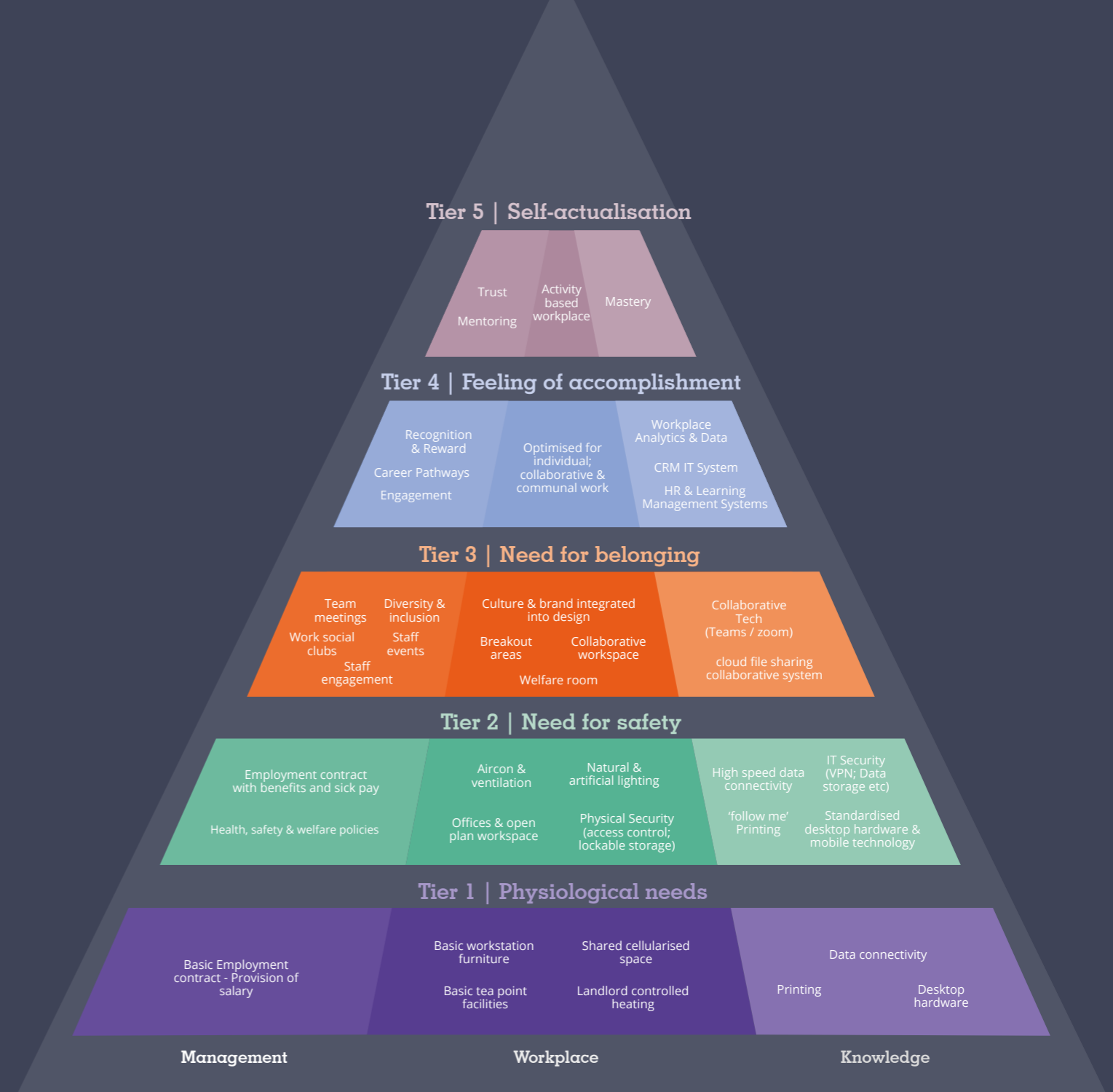
# Summary

Boosting productivity is the key to economic growth and so is vital for government and business decision-making. However, for the knowledge-based service sector, measuring productivity is challenging as it is not based solely on delivering the most outputs nor necessarily the best outputs.

The key to driving productivity in the knowledge economy is understanding what makes people happy and ambitious to perform at their best. We believe that a high quality work environment – formed through the dimensions of workplace, management and knowledge - is vital in achieving this. With widespread Covid-enforced homeworking, we have a unique opportunity to investigate how different environments we work in affect productivity and what lessons can be drawn from this to ultimately improve it.

To undergo this investigation, we have used as a framework for our analysis, Maslow's 'hierarchy of needs' theory which we have adapted to a workplace setting with the dimensions of workplace, management and knowledge involved. Maslow's original theory posits that we have a range of 'needs' that influence our wellbeing and behaviour. It argues that individuals only become motivated and have capacity to move to higher tiers of needs when their most basic needs in tier 1 onwards are met.

Using a range of sources, including data from Leesman (the world's leading assessor of employee workplace experience), we therefore compare the effectiveness of homeworking versus office-working in meeting workers' needs to better understand how we can create work environments that enable individuals to reach the higher tiers of Maslow's hierarchy and in turn become more productive.



## Environment

### MANAGEMENT

The management and organisation of individuals and teams in a way that maximises their individual and collective efficiency and effectiveness.

### WORKPLACE

The design and fitout of the physical workplace that best supports the interactions, work processes and human needs of individuals and teams.

### KNOWLEDGE

The data, information, knowledge and technology needed by teams and individuals to undertake their work.

## Tier 1

## Physiological needs

The baseline tier fulfils the most basic needs of knowledge workers to form the bones of a functioning work environment. But there is clearly a difference between an environment that works, and one that works well.

- These basic functions are to a degree fulfilled in both the home and office environment, but possible due to the necessity to adapt to working at the kitchen table, homeworkers see the provision of a desk and chair as more important than when in the office. In addition, the data shows that for homeworkers, unstable internet connections and hardware inadequacies have been a frustrating feature of Covid-19, meaning that these have also become more important when in a working environment.
- No matter the level of importance, at their most primitive, and as have been shown by Covid-19, the key requirements to be able to carry out knowledge based work are: a roof over your head, a chair and a desk on which to work; an internet connection with adequate IT hardware and software access to corporate networks and information systems.

## Tier 2

## Need for safety

With our basic needs satisfied, this tier is about fulfilling the need for comfort and security to enhance employees' feeling of wellbeing.

- The quality of the working environment extends well beyond the provision of physical infrastructure such as desks and chairs. There is extensive research around the impact of different aspects of the physical environment and comfort on workplace productivity in particular noise; temperature; air quality; and light. In fact the importance of providing a high level of comfort and control over the environment is highlighted through their inclusion in the WELL building standard requirements.
  - Under the Need for safety, IT and data security plays a key role, as been shown with the increase in phishing emails throughout 2020 as homeworking has created a particular challenge for companies.
- Within the office, IT departments are better able to control the security of the company-wide internet provision, whereas home WiFi networks are likely to have fewer protocols in place which allows hackers to more easily access the information.
- The evidence of the pandemic is that homeworking may be a more suitable environment for some types of work. This is likely to be due to a combination of factors, unique to each individual but reflecting greater levels of comfort with an environment over which they have more control, and particularly where they experience less distraction from the tasks on which they want to focus.

## Tier 3

## Need for belonging

As we move up towards the higher tiers of Maslow's hierarchy, work environments shift to becoming facilitators of collaboration that satisfy our need for belonging.

- This equates to the way we interact with our immediate team-mates and the wider members of our organisation – and how we identify with that organisation as a whole.
- The office workplace play an important role in facilitating informal social interactions and providing a place to take a break or relax during the working day. Whilst not regarded as the most critical aspects of the workplace, they both became seen as more important when people were forced to work from home. Not surprisingly, the home environment was seen as far more conducive to taking a break from work – but this was at the expense of informal social interactions with others which were clearly harder to maintain whilst working remotely.
- However, one might assume that being forced to work from home would deprive us of this important opportunity to interact, but one of the most significant impacts of COVID-19 has been the dramatic growth in video-conferencing to replace face-to-face contact, driving a significant shift in working practices as teamworking apps and shared electronic documents replaced physical meetings. But, there is a limit to the appeal of “virtual drinks” with your team-mates; the idea that this could become the norm for workplace social interaction seems hard to accept.



## Tier 4

# Feeling of accomplishment

Along with feeling a sense of belonging with others, individuals need to feel a sense of accomplishment and that they add value to the organisation. That value may be inherently individual, but for many, true accomplishment comes from the sense of individual contribution to collective endeavour; and for every company it is the overall results that matter, not the achievements of any one person.

- The underlying premise behind the desire for collaboration at the enterprise level is to help identify and exploit new opportunities through the blending of the knowledge, skills or experience of different individuals.
- The creation of a good workplace therefore is one that promotes transfer of knowledge and goes well beyond provision of adequate space for formal or planned interactions, with the addition and specific emphasis placed on creating 'collision spaces' where unplanned interaction is actively promoted.
- In addition, by being near colleagues and sitting in on team meetings, less experienced colleagues can learn from others without necessarily requiring a period of formal training.
- But businesses need to be aware that in the drive towards efficiency and collaborative effectiveness, open plan and especially flexible desking has potentially undermined an important aspect of our fundamental motivations at work – the desire to be respected and valued as an individual...

## Tier 5

# Self actualisation

When all their other needs are satisfied, workers become motivated to pursue self-actualisation – the constant journey of fulfilling one's potential and performing at their best. The role of the workplace here is to create an environment that supports this journey while also being flexible enough to accommodate the changes that arise subsequently.

- This is challenging however as workers have their own ideal environments that vary across the types of work done within companies as well as within the working day of a single individual. To address this challenge, the concept of activity-based working has been created. The idea is simply that that different areas of the workplace should be optimised to support different types of work. These areas can vary with combinations of desk layouts, co-working / communal zones and private areas while also providing spaces for 'water cooler' interactions that facilitate chance meetings.
- We believe that this is the key insight to be drawn from Maslow's work. Organisations comprise unique individuals who each have different requirements to perform at their best and the better an environment facilitates personalisation the more comfortable and productive its workers will be. Due to the unique nature of individuals however, what environments need to be to facilitate this will vary from organisation to organisation.



# Workplace and productivity in 2020 and beyond

To those who are busy proclaiming the “death of the office”, we would respond by quoting Mark Twain in saying “reports of my death have been greatly exaggerated”.

That is not to deny that momentous changes are taking place which will have ramifications across many aspects of our lives – including our work and our workplaces. Underlying trends that have been playing out in the background have been accelerated and highlighted by the pandemic; meanwhile new issues have arisen which may – or may not – become a permanent part of our lives.

The fact that many of us have spent several months working from home moderately effectively does not overturn decades of research which concludes that people work more productively having built mutual trust and cooperation, facilitated by physical proximity. So why do so many people seem to have concluded that the office offers little benefit over working from home?<sup>1,2</sup> We believe that there are some obvious short term explanations.

For most organisations the immediate response to the COVID crisis was to go into “emergency” mode, trying to keep basic business activity going - generally focussed on supporting existing clients and projects. In many cases this involves executing the types of work which are most suited to working remotely, which require only the “lower level” workplace needs of the employee to be met.

In this situation, consider the position of the employee. Provided they have access to appropriate technology and connectivity, they are freed from their daily commute<sup>3</sup> (viewed by Londoners as more stressful than going to the dentist)<sup>4</sup> which is replaced by their exercise of choice or more time sleeping. They no longer have to deal with the distractions or the politics of the office, allowing them to focus fully on the tasks at hand. Their home study is personalised with photos of the dog that is curled contentedly at their feet while they sip their preferred choice of morning coffee from their favourite mug. Video conferencing allows them to contact colleagues and clients – individually or en masse – from the comfort of their desk. An end to tedious business trips across timezones means jetlag is a thing of the past, to the benefit of the planet and the expense line of a budget under pressure from the sharpest economic decline in human history. What’s not to like?!

<sup>1</sup> <http://hrnews.co.uk/a-third-of-companies-claim-that-homeworking-brought-on-by-covid-19-has-increased-employee-productivity/>

<sup>2</sup> <https://globalworkplaceanalytics.com/global-work-from-home-experience-survey>

<sup>3</sup> <https://lp.buffer.com/state-of-remote-work-2020>

<sup>4</sup> <https://media.ford.com/content/fordmedia/feu/en/news/2015/04/27/for-europeans--the-journey-to-work-causes-more-stress-than-their.html>



## Far from being dead, we are entering one of the most exciting periods ever seen in the evolution of the workplace.

Equally, many large organisations also need to attract the best young staff entering at junior levels who typically want to live, work and socialise in city centres – for whom homeworking is neither an option nor an attraction. They want to work in a vibrant office environment, with access to a variety of senior staff with whom they can interact to develop their skills and careers – none of which can be done entirely over Zoom.

What seems clear is that flexible working is likely to remain at least part of the solution in future.<sup>5</sup> From where we sit today, it seems hard to believe that we will universally return to a “9-5, 5 days a week” life in the office. Initial findings from our research, both before and during the pandemic, indicate that a hybrid working environment (a mix of office and homeworking), allows employees to be their most productive.

But the pandemic has highlighted some important lessons that we need to consider when thinking about the future role of the workplace. Contemporary offices may offer high quality collaborative spaces that play a vital role in promoting innovation and cross-fertilisation of ideas. But too often, the reality of “activity based working” falls too far short of the aspiration. Swathes of unallocated open plan desks provide a noisy, unattractive, sterile and de-personalised environment that is ideally suited to almost none of the activities that make up our working day. Yet that is where most people end up spending the majority of their day. There is no simple answer – and it is likely that many of us will take advantage of our new-found flexibility to spend more time out of the office when this seems the best solution.

The further implication is that the office will need to work harder to justify its place in our working lives, and in the cost structure of our companies.

This means that office design and fitout will have to:

- Focus more explicitly on better meeting the real and varied needs and desires of a wider range of employees
- Recognise that different personalities have different wants and needs, even if doing the same type of work
- Accept that high density, open plan, unallocated desking may have a part to play, but is rarely the optimum environment for any individual or type of work
- Provide a range of environments that truly provide employees with a workplace – or series of workplaces – that positively enhance and support their productivity
- Utilise technology to facilitate workspace personalisation whilst ensuring that employees are fully supported and connected to each other and to the collective intelligence of the organisation
- Accommodate the desire for collective endeavour and collaboration whilst recognising that in knowledge industries, a high proportion of the work is actually best undertaken in a quiet environment protected from noise and interruption

Above all, we should remember Maslow’s emphasis on the journey rather than the destination, and the constant need to evolve in search of the optimum. Far from being dead, we are entering one of the most exciting periods ever seen in the evolution of the workplace.

Provided the individuals concerned are lucky enough to have a home environment that supports their work, it isn’t surprising that – at first sight - homeworking may be deemed (and in some cases actually be) more productive. The qualification here is important, though... there will be many for whom the description above is a far cry from their homeworking experience! Young children, small apartments in shared accommodation or inadequate internet connections can all conspire to hamper the most determined homeworker.

Before concluding that demand for office space is inevitably set to decline, we should recognise that the homeworking experiment is still in its early stages. Employees and organisations may be able to survive – for a time – working from home or some other remote location. For some people, it may indeed form a part, or conceivably the majority, of their future working practices.

But as organisations move from ‘survival mode’ to refocus on growth and development, we will see greater emphasis placed on teamwork, inter-departmental collaboration and innovative thinking. Building new relationships with colleagues and clients is easier to do in person. How well most people or organisations would fare if asked to work remotely for an extended period has yet to be seen, and the benefits of the office environment may yet become more apparent.

Some organisations will undoubtedly downsize or close offices – such actions are a normal feature of recessions. Many will experiment with “going virtual” to some degree - and such experiments will be watched with interest. Others may decentralise, moving parts of their organisations out of major cities into suburban or smaller town locations, to enable cost saving and respond to emerging preferences for working in locations closer to home.

<sup>5</sup> <https://www.mckinsey.com/featured-insights/future-of-work/what-800-executives-envision-for-the-postpandemic-workforce>

# Should you wish to discuss any details within this update please get in touch.

**Nick Axford**

Principal, Global Head of Research  
+44 (0)20 7911 2939  
nick.axford@avisonyoung.com

**Daryl Perry**

Director, UK Head of Research  
+44 (0)20 7911 2340  
daryl.perry@avisonyoung.com

**Anna Scally**

Director, Workplace, Arts & Culture  
+44 (0)20 7911 2340  
anna.scally@avisonyoung.com

**Fiona Don**

Senior Researcher  
+44 (0)20 7911 2753  
fiona.don@avisonyoung.com

**John O'Brien**

Assistant Researcher  
+44(0)20 7911 2659  
john.o'brien@avisonyoung.com

Visit us online  
[avisonyoung.co.uk/research](https://avisonyoung.co.uk/research)