

Hybrid Working: An Opportunity For Better Governance




The pandemic has changed much of the thinking around working lives. What is often called 'a workplace revolution' towards hybrid - a mix of office and home - working, is, in fact, more of an 'evolution' in attitudes to work taking place on the back of rapid technological change and a rise in concern on environmental, social and governance (ESG) issues. The Covid-19 virus has propelled the trend forward, with implications for businesses of all sorts.

Regardless of when "Freedom Day" from lockdowns in the UK occurs, businesses are coming to terms with shifting work out of the office. In a survey of close to a thousand company directors [conducted in September 2020 by the Institute of Directors](#), nearly three quarters (74%) said they would be keeping increased home-working after coronavirus. By June 2021, 43 of the top 50 biggest employers had indicated that they were not planning to make a return to full-time office work.

Businesses in the gig economy have relied on the appeal of their own form of flexible working to ask lower-paid workers to keep going, but they are increasingly facing scrutiny and regulation around governance concerns. Last month the UK pensions regulator called on gig economy companies to start offering pensions to workers rather than wait until they could be forced to do so.

In February, a landmark ruling against Uber, the ride-sharing app, by the UK Supreme Court said drivers should be classified as workers and were entitled to workplace benefits, including a pension. Pensions have grown in importance as a corporate governance issue at all businesses in recent years as ESG concerns have stepped increasingly into the spotlight on boardrooms.



For many large FTSE 350 businesses, the last year of remote and flexible working in the UK has meant a rapid acceleration of cultural change. Alison Rose, the NatWest CEO was recently quoted in the media as saying to staff at a company town hall meeting: "I would say that we've busted the myth that jobs need to be done in a certain way."

Among banks, and in what is a predominantly male financial services industry, her statement stands out. According to the Financial Times, most banks with large UK operations had their return date firmly set as June 21st as set by the original UK government guidance, despite repeated warnings that it was dependent on the latest data in the fight against the virus.

When the lockdown restrictions do ease, there will be a complex mix of issues for businesses to consider. The nature of each individual business, how far it is along the curve of thinking on working differently, remote access and cybersecurity challenges, as well as essential cost-cutting will all play a part in dictating the details of hybrid working. But boardrooms should consider the many ESG implications carefully.

Companies will have to rethink many of their processes and policies. They will also need to be aware of the legal challenges that could come from employees who are denied a statutory right to ask to work flexibly, if they are able to show they have been doing it without complaint for a long time. The UK Equality Act of 2010 notably protects employees asking for flexible working due to childcare, and there is the potential for discrimination claims, where there is no limit on compensation.

This is also an excellent opportunity for businesses to consider the many benefits of hybrid working. For many employees, it has improved work-life balance and maintained or boosted productivity despite the challenges of a pandemic, and has meant lower commuting costs. The IOD has said that there is evidence to show it has, in many cases, improved inclusivity and hiring from different parts of the country.

Clear evidence on the direction of company improvements on diversity and inclusion remains high on the UK's push for better governance. Recently, the Financial Reporting Council (FRC) also stated that workforce engagement lies at the heart of good corporate governance. [Its commissioned research](#) found that FTSE 350 companies took many different approaches both in engaging with their workforce and in using the outcomes of that engagement to influence their decision making.

"In the vast majority of cases, decisions on approaches to workforce engagement were made by the board without consultation with the workforce" said the FRC's [May 2021 report](#) around the research.

Businesses have a myriad of issues to consider. Not all employees want to work from home, there can be issues around morale and equal treatment and innovation can feel dangerous. Customer-facing businesses might feel they demand office time. But companies who were already offering some combination of hybrid working well before the pandemic will be better placed

now to consider and assess the best options going forward. For many others it could involve a need for fresh ideas, or even lead to an upheaval in thinking.

Despite ongoing concern about the future of city centres if employees continue to work from home - with all the economic implications for businesses that rely on those centres - in late April this year the UK government asked businesses to help draw up policies on how to make flexible working the default option for companies after the pandemic. The task force set up to produce choices for business was asked to report within six months.

Companies should note too, that a new Employment Bill was announced in the December 2019 Queen's Speech, and is expected to be published in 2021. Hybrid working may well prove to be just the beginning of significant changes around the nature of employment around rising social concerns for boardrooms to contend with in a post-pandemic world.

