

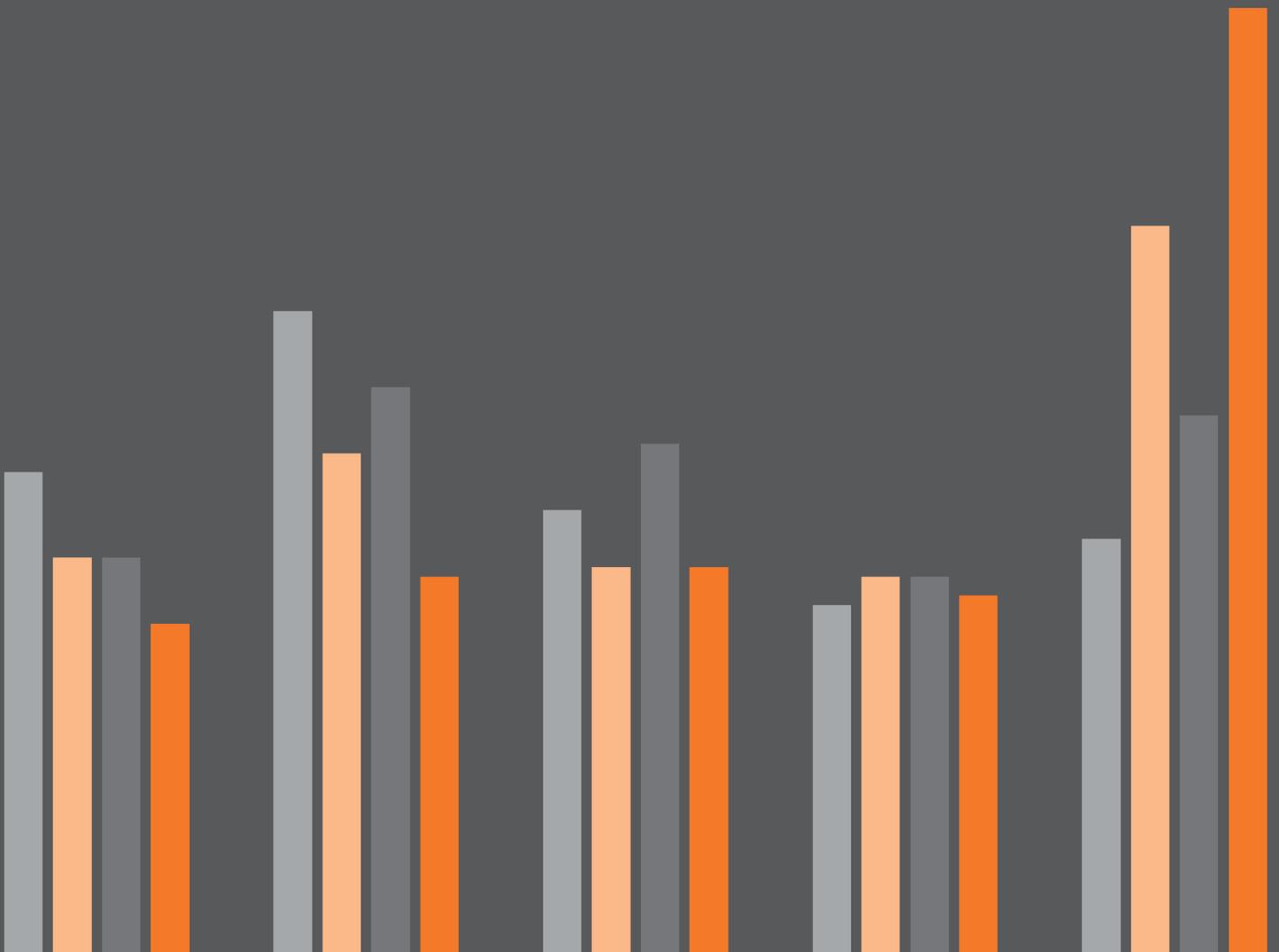
CIPD

*Championing better
work and working lives*

April 2020

MEGATRENDS

WORKING FROM HOME: WHAT'S DRIVING
THE RISE IN REMOTE WORKING?





The CIPD is the professional body for HR and people development. The registered charity champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.



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MEGATRENDS

WORKING FROM HOME: WHAT'S DRIVING THE RISE IN REMOTE WORKING?

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Acknowledgements

This report was written by Jonathan Boys, former labour market economist at the CIPD.

Publication information

When citing this report, please use the following citation:

CIPD. (2020) *Working from home: What's driving the rise in remote working?* London: Chartered Institute of Personnel and Development.



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1 Key findings

- 1 More and more people are homeworking.** Working mainly from home has increased by 80% in 20 years to reach 5.3% of workers. However, the majority of homeworkers do so only occasionally.
- 2 29.6% of people worked from home in the past 12 months,** though a further 8.5% of people had the option to do so but did not exercise it.
- 3 Age is a key determinant of working from home.** Older workers are more likely to be in the 'mainly work from home' category. The ageing workforce is a reason for the increase in the number of people working from home. Occasional homeworking peaks in middle age.
- 4 Homeworking is most prevalent in high-skilled professional and managerial occupations.** For example, managers, directors and other senior officials and people in professional occupations most commonly work from home, with process, plant and machine operatives and those in elementary occupations least likely to.
- 5 Homeworking differs by industry.** In the information and communication industry, more than half of workers work from home. In accommodation and food services, fewer than one in ten people work from home.
- 6 Technology is a huge driver, with the transition to digital having a profound effect on the way we work.** Surveys show that not only do most jobs involve a computer, but for most jobs the use of a computer is essential. This has combined with a huge increase in household internet access over the last two decades to mean that many more people are able to work from home if their jobs allow.
- 7 Increased commuting time is another driver.** People who occasionally work from home have a nine-minute longer journey time than those who do not. It is not clear whether longer commutes are leading people to work from home, or the ability to work from home is facilitating longer commutes.
- 8 Some jobs are less amenable to homeworking,** but the same factors that make homeworking difficult make these jobs hard to offshore.
- 9 Technology alone won't ensure homeworking.** Employers should establish new norms, particularly around communication and collaboration. Technology can help, but culture change needs to embed it.

2 Introduction

The last 20 years have seen a significant increase in the number of people who work either exclusively or occasionally from home, reflecting changes in technology, working practices and workforce composition. Homeworking is a major component among arrangements for [flexible working](#) – something that can help organisations attract talent, increase diversity and respond agilely to situations like the coronavirus outbreak, where business continuity could hinge on the ability of workers to work from home.

This report sets out some of the key trends and data and considers the key drivers that have led to the rise in homeworking. The report's findings can help inform policy-makers and employers to better facilitate and support workers in this context.

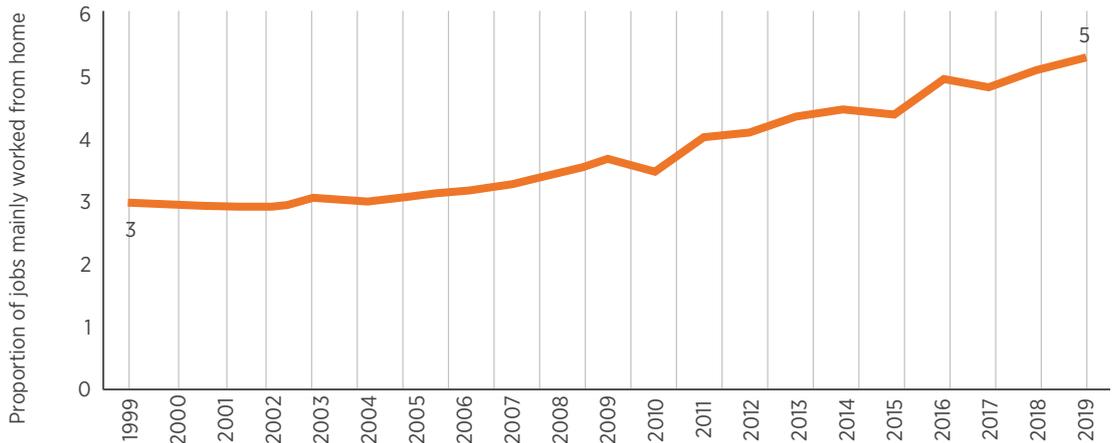


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3 The rise of homeworking

The proportion of jobs in which people mainly work from home has risen by 80% in the past two decades (see Figure 1). Approximately one in twenty (5.3%) jobs are worked mainly from home. This represents 1.8 million people.¹

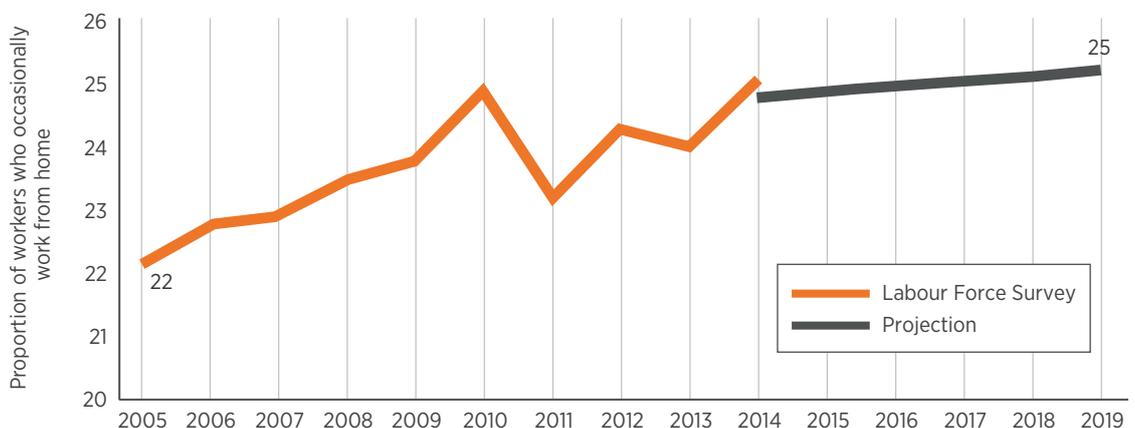
Figure 1: Home as the main place of work is on the rise (%) (proportion of jobs worked mainly from home, 1999–2019)



Source: *Labour Force Survey*, April–June 1999–2019²

Figure 1 captures only those who work mainly from home. Yet most people who work from home do so only occasionally. Figure 2 captures those who mainly work away from home (for example, in an office) but work from home occasionally. Data from this source is not available after 2014, so we have extrapolated a trend. Like working from home exclusively, occasionally working from home is trending up.³ The CIPD’s *UK Working Lives* 2019 survey puts the proportion of people working from home (exclusively or occasionally) at 29.6%. And a further 8.5% of people had the option but did not use it. This figure aligns well with our extrapolation in Figure 2. We can confidently assert that around three in ten people work from home, exclusively or occasionally.

Figure 2: Working from home occasionally is also on the rise (%) (proportion of workers who do some work from home in their main job)



Source: *Labour Force Survey*, April–June 2005–2014⁴



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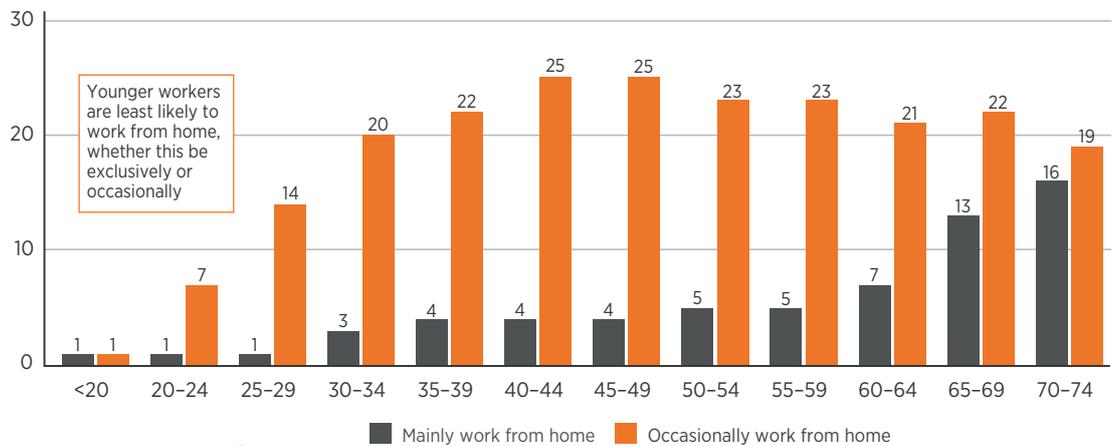
Who works from home?

Exclusively working from home is usually a formalised agreement. Working from home occasionally is an important informal flexible working policy. To understand who works from home, we use the latest data from the ONS and split those who work from home between mainly and occasionally.

By age

The relationship between working from home and age is striking. Working mainly from home rises with age (see Figure 3). Occasionally working from home peaks in middle age. For workers past state pension age, rates of working from home are highest. We can hypothesise that younger workers need to be present to learn and build networks.⁵ Older workers have accrued skills, networks, and trust from which to facilitate homeworking. Research shows that younger workers also enjoy the social aspects of being in the office.⁶

Figure 3: Older workers are more likely to work exclusively from home, whereas occasional homeworking peaks in middle age (%) (proportion of all workers who mainly or occasionally worked from home in their main job, by age group, April–June 2014)



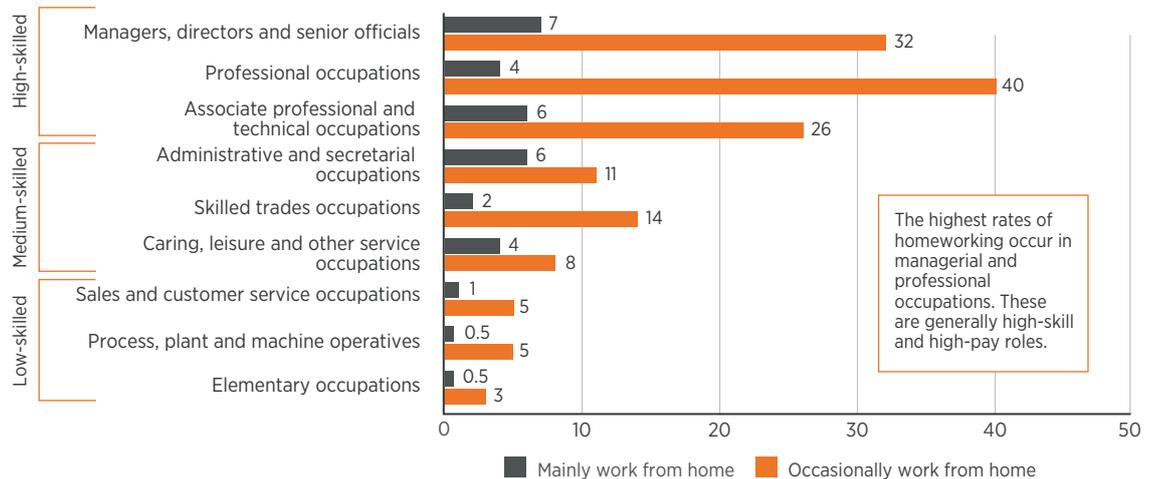
Source: Labour Force Survey⁷

Older households are much more likely to be under-occupying.⁸ This means they are more likely to have a spare bedroom to use as an office than younger households. Lower rates of homeworking among younger workers may be a matter of space.

Occupation

The pattern of homeworking by occupational group is clear. Higher-skilled occupations are most likely to work from home (see Figure 4).

Figure 4: Homeworking is most prevalent in high-skilled professional and managerial occupations (%) (proportion of all workers who mainly or occasionally worked from home in their main job, by occupational group, April–June 2014)



Source: Labour Force Survey 2014⁹

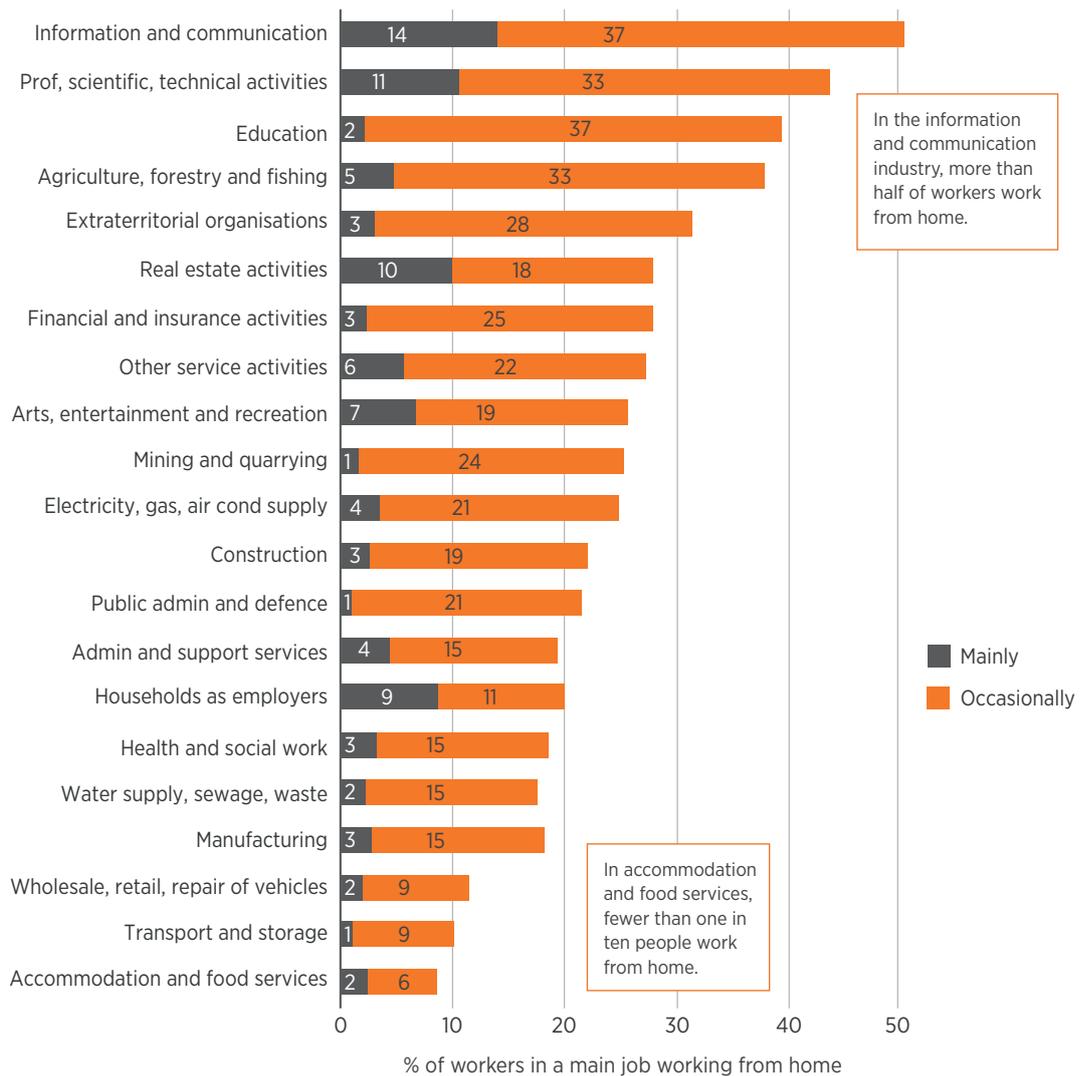


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Industry

The information and communication industry contains the highest rates of homeworking. Yet, even within this broad industry, rates of homeworking differ. For computer facilities management activities, which include IT support services, around 76.1% of workers work from home (mainly or occasionally). In this industry, technology facilitates working in another location to the client, indeed many clients. At the other end of the spectrum are industries that deal in the tangible aspects of the economy. These include transport, food and drink, and retail. It is much more difficult to provide these services remotely (see Figure 5).

Figure 5: Rates of homeworking differ markedly by industry division (%) (proportion of workers working from home, mainly or occasionally in their main job, April-June 2014)



Source: Labour Force Survey 2014⁰

4 Drivers of homeworking

Technology

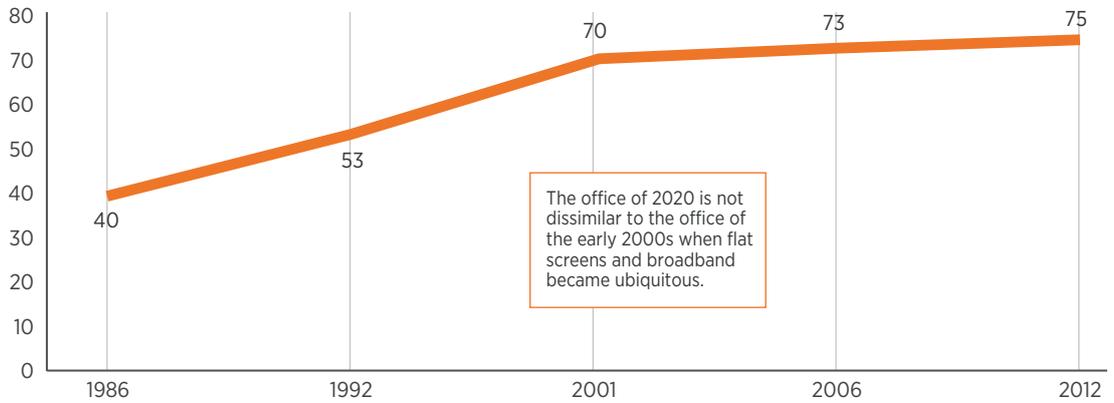
Without doubt, technology is a big facilitator of homeworking. Two trends are converging here. The importance of computers in work, and the ubiquity of computers at home. As Figures 6 and 7 show, in a short space of time computers have ingratiated themselves into our working lives. Now not only do most jobs involve a computer, but for most jobs the use of a computer is essential.



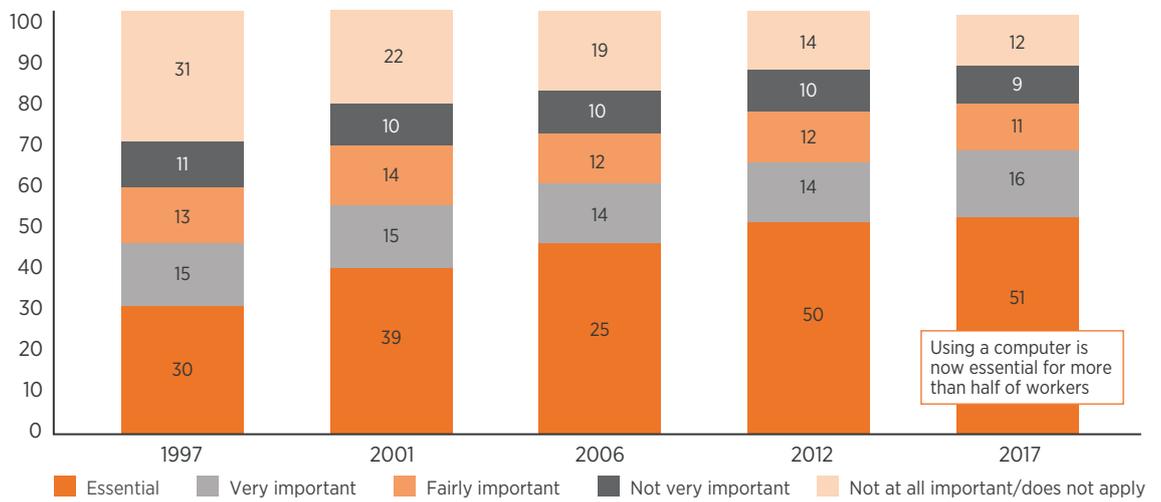
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Figures 6 and 7: In a generation the use of computers at work exploded and computers are now essential to more than half of workers

Whether job involves a computer (%) (proportion of workers who occasionally work from home)



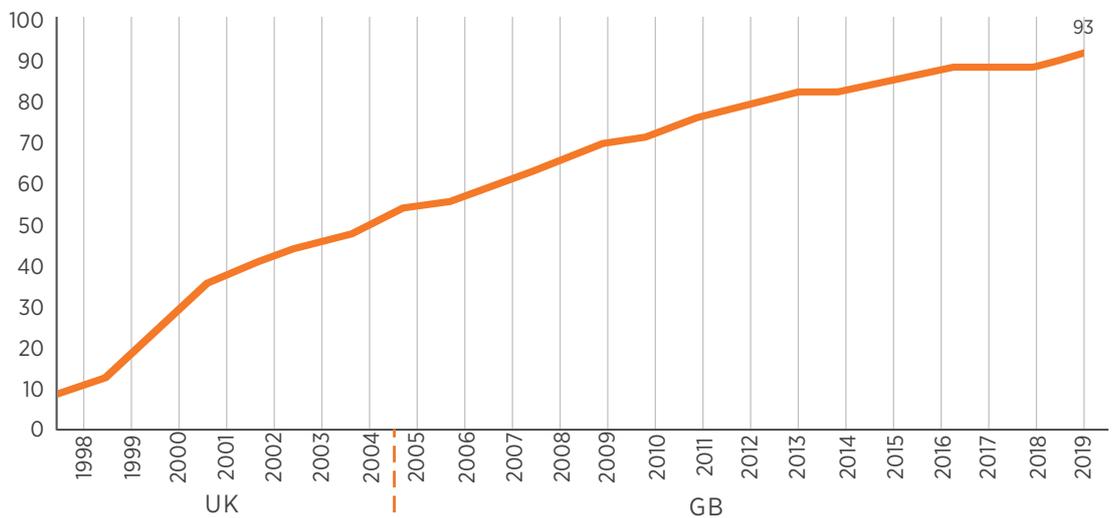
Importance of using a computer (%) (proportion of workers using a computer)



Source Figures 6 & 7: *Skills and Employment Survey*¹¹

Computers were large and expensive. This was okay for organisations with larger budgets and more space than households. Then [Moore's Law](#) brought down the cost of computer hardware for households. Internet penetration, combined with the transition from dial-up to broadband, connected these devices to the rest of the world, including the workplace (see Figure 8).

Figure 8: Most households have internet access (%) (household internet access, UK and GB, 1998–2019)



Source: ONS¹²



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Besides enhancing productivity, technology has shrunk time and space. In the case of call centre customer support, businesses can deliver this from anywhere in the world. This means that not only is it done from home, but it can be offshored completely. But, in most cases, homeworking is a complement. Physical proximity enables face-to-face interaction, enabling direct client contact to build networks and trust. But work can be modular, and the back-office functions can take place at home.

Change in the workforce makeup - including an ageing population

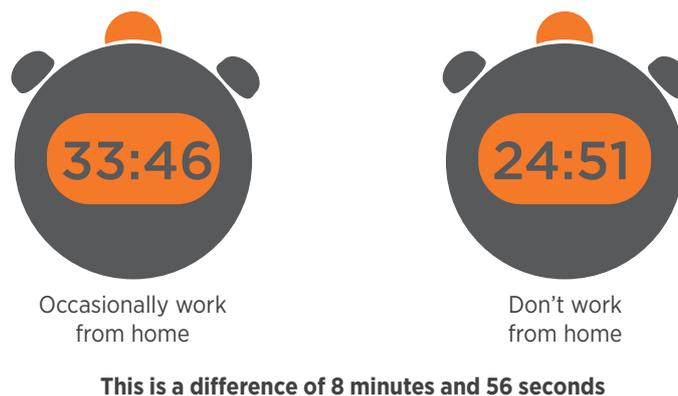
It is likely that a change in the makeup of the workforce has increased rates of homeworking. We know that homeworking is more common among managerial and professional occupations (see Figure 4) and older workers (see Figure 3). Both these features have increased as a proportion of the workforce. One of the big success stories of the post-crash jobs boom has been the increasing employment rate of older workers.¹³ Although it is often assumed that young people are trendsetters, most of the homeworking options, as with flexible working policies more generally, are being utilised by older workers.

Increasing commuting times

In the last decade, commuting time has increased by about five and a half minutes for a round trip to work.¹⁴ This is not a trivial amount and can add up over the course of a week. Yet, total weekly commuting time may not be up if people are choosing to work from home occasionally. Research by the Department for Transport found that commute times are getting longer, but the number of commuting journeys has been decreasing since the late 1980s.¹⁵

When considering workers that mainly work away from home (for example in an office), those who occasionally work from home have a nine-minute longer journey time than those who do not work at home at all.¹⁶ Over the course of a week, this could add up to an extra hour and a half if there was no option to work from home.

Figure 9: Occasional homeworkers have longer commutes (or vice versa) (homeworking status and one-way commute time, April–June 2012)



Source: *Labour Force Survey 2012*¹⁷

The ability to work from home at least some days a week expands the geographic reach of an individual's job search. From the employer's point of view, it expands their talent pool. We do not know if longer commutes are prompting homeworking, or the ability to work from home is prompting longer commutes.

Cost pressures

In their book *The Future of the Professions*, Susskind and Susskind note that one driver of change is cost pressure. From major corporations to individual consumers, everyone is short of money.¹⁸ At the same time, a more complex world demands more expertise. Such



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cost pressures may be a driver of homeworking. Combined with strategies like hot-desking, this can reduce floor space as well as other costs of employment.

By the same token, costs that the employer previously incurred are now borne by the worker. These might be offset by formal allowances or other savings (for example, lower commuting costs). Employees may also ascribe value to flexibility.

5 What might be holding homeworking back?

The trend towards homeworking has many factors working in its favour. It is likely to continue its ascent. Above we considered technology, changing workforce composition, increasing commute times and cost pressures. In this section we ask, what could be holding homeworking back?

Norms

New ways of working need new norms, for example, in how people communicate. Channels like Slack – an instant messaging service – allow homeworkers an informal online space. Gifs and emojis can help replace some of the nuance lost by in-person interaction. This creates a sense of team across space, aiding collaboration and problem-solving, the online equivalent of water-cooler chat. Norms like these need a change in the working practices of those still in the office. Introducing Skype for Business will be limited if office-based team members aren't signed in.

Increasing the proportion of workers who can benefit from working from home will also require more leaders and managers to develop working cultures based on trust, which move away from the traditional 9–5 five-day working week. Managers will have to become more comfortable with judging people's performance based on their outputs and not how much time they spend in the formal workplace.

The constraints of time and space

It's clear that some jobs are more amenable to homeworking than others. The key dimensions along which work can be done from home are the need to maintain timeliness and proximity. A good example is IT technical support. When an IT professional takes control of your computer remotely, time and space collapses. Previously, the service would have had to be done in person. Yet, if the job can be performed remotely, it can be done just as easily five miles away as 5,000. In this instance, it could be offshored.

Acemoglu and Autor developed an index of offshorability in which tasks requiring face-to-face interaction, demanding on-site presence, or involving in-person care to others, scored low.¹⁹ These same factors make it difficult to work from home. Work for which it is not easy to separate the production and consumption in time and space (for example, cutting hair) may be less amenable to homeworking. Yet by the same measure, these jobs may be less amenable to offshoring. It is unfortunate that some of the industries and occupations least amenable to homeworking are those with the lowest skills and pay. Flexible working is largely the preserve of the most privileged. While the knowledge economy is ever more digital and intangible, we still live in a material world that imposes limits on how much work we can carry out at a distance.



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6 Policy implications

For government

- 1 Although our *Megatrends* reports focus on work and the workplace, the housing crisis is increasingly a labour market issue. We should seek creative solutions. Commuting time has been rising. Homeworking may be taking the edge off a long commute and can expand the geographical reach of an employee's job search and an employer's talent pool. In this sense it should be encouraged, but are we building enough houses near to where the jobs are?
- 2 On transport, there is one easy win in the form of pro rata train ticketing for workers who work from home occasionally. This would also benefit part-time workers who are proportionately more likely to be women. To date, such a policy has eluded train companies' imagination.
- 3 Policy-makers seeking to increase the uptake of flexible working should recognise the important role of informal flexible working in enabling homeworking, as well as more formal flexible working practices.
- 4 The finding that homeworking is associated with higher-skilled work, and by extension that some occupations benefit little from this policy, is not completely discouraging. The implication is that the higher the volume of high-skill, high-pay work in the economy, the higher the uptake of homeworking. Homeworking is not a means to an end but a welcome by-product of a high volume of good work. A continued focus on productivity is the best way to deliver this.

For employers

- 1 Employers should be mindful of the formal and informal aspects of working from home and seek to encourage norms that can enhance the effectiveness of this mode of working. This means not just technology, but management practices that encourage collaborative working, trust and autonomy.
- 2 Most roles consist of modular tasks. When this is the case, the back-office functions can be done from home. Evidence suggests it may even be done more efficiently.²⁰ Employers should evaluate whether the work done in their organisation fits this pattern and be open to trialling increased homeworking.

7 Endnotes

¹ Figure 1 contains data from 20 separate quarterly Labour Force Surveys from April–June 1999–2019. The citation for April–June 2019 is as follows: Northern Ireland Statistics and Research Agency, Central Survey Unit, Office for National Statistics, Social Survey Division, 2019, Quarterly Labour Force Survey, April–June 2019 [data collection], UK Data Service [Accessed 7 February 2020]. SN: 8563, <http://doi.org/10.5255/UKDA-SN-8563-1>

² See note 1.

³ Figure 2 contains data from ten separate quarterly Labour Force Surveys from April–June 2005–2014. The citation for April–June 2019 is as follows: Northern Ireland Statistics and Research Agency, Central Survey Unit, Office for National Statistics, Social Survey Division, 2019, Quarterly Labour Force Survey, April–June 2014 [data collection], UK Data Service, 6th edition [Accessed 7 February 2020]. SN: 7557, <http://doi.org/10.5255/UKDA-SN-7557-6>

⁴ See note 3.



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- ⁵ Research on ‘working from anywhere’ published in the *Harvard Business Review* concluded: ‘It seems best to keep newly hired employees co-located in the office with experienced peers long enough to benefit from the informal learning that happens organically in a face-to-face environment. Additional research is needed to determine whether or not newly hired employees could experience the same productivity benefits on working from anywhere as the experienced employees we studied.’
Choudhury, P., Larson, B.Z. and Foroughi, C. (2019) [Is it time to let employees work from anywhere?](#) *Harvard Business Review*. [Accessed 11 February 2020].
- ⁶ Esther Canonico of LSE School of Management, cited in the *Financial Times*: [Why flexible workers keep turning up at the office](#).
- ⁷ See note 3.
- ⁸ See Figure 36 of Corlett, A. and Judge, L. (2017) [Home affront – housing across the generations](#). London: Resolution Foundation.
- ⁹ See note 3.
- ¹⁰ See note 3.
- ¹¹ Felstead, A., Gallie, D., Green, F. and Henseke, G. (2019) Skills and Employment Survey, 2017 [data collection], UK Data Service [Accessed 10 February 2020]. SN: 8581, <http://doi.org/10.5255/UKDA-SN-8581-1>
- ¹² ONS. (2019) [Internet access – households and individuals](#). Great Britain: ONS.
- ¹³ CIPD. (2019) [Ageing gracefully: the opportunities of an older workforce](#). London: Chartered Institute of Personnel and Development.
- ¹⁴ Comparing October–December 2008 with October–December 2018, usual home to work travel time in minutes (26 minutes 40 seconds in 2008 to 29 minutes 27 seconds in 2018, causing a one-way increase of 2 minutes 47 seconds or a return journey difference of 5 minutes and 33 seconds). Data from the Labour Force Survey: Northern Ireland Statistics and Research Agency, Central Survey Unit, Office for National Statistics, Social and Vital Statistics Division, 2014, Quarterly Labour Force Survey, October–December 2008 [data collection], UK Data Service, 4th edition [Accessed 10 February 2020]. SN: 6119, <http://doi.org/10.5255/UKDA-SN-6119-2>
Northern Ireland Statistics and Research Agency (NISRA), Office for National Statistics, Social Survey Division, 2019, Quarterly Labour Force Survey, October–December 2018 [data collection], UK Data Service [Accessed 10 February 2020]. SN: 8447, <http://doi.org/10.5255/UKDA-SN-8447-1>
- ¹⁵ Department for Transport. (2017) [Commuting trends in England 1988–2015](#).
- ¹⁶ Based on analysis of the LFS April–June 2012, when both the variables ‘travel to work time’ and ‘ever do any paid or unpaid work from home’ were available within the same dataset. Office for National Statistics, Social Survey Division, Northern Ireland Statistics and Research Agency, 2019, Quarterly Labour Force Survey, April–June 2012 [data collection], UK Data Service, 5th edition [Accessed 10 February 2020]. SN: 7108, <http://doi.org/10.5255/UKDA-SN-7108-5>
- ¹⁷ See note 16.
- ¹⁸ Susskind, D. and Susskind, R. (2015) [The future of the professions: how technology will transform the work of human experts](#). Oxford: Oxford University Press.
- ¹⁹ Acemoglu, D. and Autor, D. (2011) [Skills, tasks and technologies: implications for employment and earnings](#). In: Ashenfelter, O. and Card, D. (eds) *Handbook of Labor Economics, Vol 4, Part B*, pp1043–1171. Oxford: Elsevier.
- ²⁰ Bloom, N., Liang, J., Roberts, J. and Ying, Z.J. (2013) [Does working from home work? Evidence from a Chinese experiment](#). NBER Working Paper No. 18871.



CIPD

Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ United Kingdom
T +44 (0)20 8612 6200 **F** +44 (0)20 8612 6201
E cipd@cipd.co.uk **W** cipd.co.uk

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Issued: April 2020 Reference: 8010 © CIPD 2020