Can hybrid working survive a rise in unemployment in 2024?

Vicky Pryce

2024 is upon us and talks of an early election are intensifying. For many working people, what will happen to the economy is crucial- we have seen cuts in banking staff, not just the high level investment bankers but also in other more lowly paid staff with the closure of some 1,100 bank branches since May 2022 and more planned for next year. Other sectors are also being affected. And despite a large number of vacancies still advertised, the overall vacancy numbers are gradually declining . Surveys from Chambers of Commerce, though still reporting staff shortages in many areas, show a consistent weakening in private firms' recruitment intentions.

What does all this mean for hybrid work that so many people have become accustomed to and now consider as a right when applying for jobs? Interestingly the crisis in 2022 and 2023 as cost of living skyrocketed and taxes increased doesn't appear to have shaken employees' preferences for greater flexibility in their working patterns which those who could take advantage of them had become accustomed to during Covid. It is true that more people go to work full time now than work in a hybrid way. But the statistics need to be looked at with care . Many jobs never went hybrid in the first place even at the height of the pandemic as physical presence in some sectors such as hospitality, construction or in health and social care for example is required. Still GPs have continued to practice telephone consultations which was forced on them by Covid and that has now become established practice since restrictions were lifted.

Nevertheless jobs are coming under increased scrutiny. The government hired the consultant McKinsey to examine ways of improving NHS productivity. In parallel, the Chancellor has announced his intention to reduce the number of civil servants back to pre Brexit levels which would mean a million jobs could go. This however has political risks associated with it. Some 80% of the population already complain of a substantial fall in the quality of public services over the last decade and a further cut will make things worse. Add to the number of local councils going bankrupt and therefore only able to provide the essential services they are required to provide and this all can soon amount up to a more widespread dissatisfaction with the current state of affairs.

Whether these cuts do still happen under a new government post election is unclear at present. And for the moment as the CIPD reports, public sector employment intentions remain strong. But has this risk changed employees attitudes? Not at all it seems. The reaction by civil servants to another edict for them to be at their desks at least 60% of the working week has been that they would rather resign than comply. In any case the Whitehall estate has been shrinking and anecdotally we hear that there are not enough desks for all in some departments even if they stagger the days workers are meant to be in.

Attempts by banking institutions and big tech companies like Google to force staff to return full time to the office have fallen on deaf ears. The white collar employee seems, for the moment at any rate, to be holding the upper hand. Job satisfaction and well- being are highest on their agenda. Accepting that from a firm's viewpoint makes sense. Evidence suggests that offering workers more flexibility improves productivity – and with more satisfied workers, there are also savings to be made if it means less attrition and avoiding the disruption and extra training and recruitment costs that replacing a departing unhappy employee usually entails.

So firms in general, with some notable exceptions, seem to be giving up trying to bring people back full time and accepting that hybrid working is here to stay. The aim now is for more hybrid rather than complete flexibility, in other words, for many people not moving entirely remote as outlined in Julia Hobsbawm 'The Nowhere Office'. Research by Nick Bloom at the LSE covered in a analysis by the IFS also shows that for firms, in addition to office space saving, letting people work from home for part of the time saves them offering pay rises of an average of 8% which seems to represent the value workers place on the ability to work more flexibly in this way.

So what next? It may not all be smooth sailing as unemployment is a lagging indicator and it takes time for a drop in growth rates to be fully reflected in lower demand for workers. Things could be more difficult therefore for workers in 2024. But if the economy improves with lower inflation and sharp cuts in interest rates as the markets predict, workers' bargaining power in relation to their working conditions should quickly recover- until of course AI makes us all redundant…

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