A job offer you can’t refuse

Why hybrid working is key to attracting and retaining top talent

June 2022
What workers really want

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“We’re seeing a buoyant job market in most parts of the world after a challenging couple of years and, as a result, workers are demanding more of their employers and their roles. Gone are the days when salary was the only factor when considering a job offer, as candidates the world over reevaluate their work/life balance. Nothing better demonstrates this than the rise of hybrid working.”

Mark Dixon, Founder and CEO, IWG

“At the beginning of May, the US Bureau of Labor Statistics announced that the number of American job openings stood at 11.5 million – the highest figure recorded since 2000, when the current series of statistics was initiated. A couple of weeks later, on the other side of the Atlantic, the Office for National Statistics revealed that there were now more job vacancies than unemployed people in the UK for the first time since records began. Vacancies had reached a record 1,318,000 over the previous 12 months.

Why are so many roles waiting to be filled? The phenomenon started last year with the so-called Great Resignation, as swathes of workers quit their jobs. The reasons for this were manifold, including lockdown-induced feelings of burnout and the conclusion by some that maybe their career choices had been mistaken. In the US, nearly 3% of the entire workforce quit their jobs in October last year alone, with some of the highest resignation rates in hospitality and healthcare.

“During the long periods of lockdown, people had time to reflect and their priorities changed,” says workplace expert and former Twitter VP Bruce Daisley, who runs the Eat Sleep Work Repeat podcast. “A lot of them came to the conclusion that they didn’t want to trade off their own happiness for success at work.”

But now the Great Resignation has become something “more nuanced”, as the World Economic Forum puts it: “It’s becoming clearer that rather than resigning from work altogether, many employees are actually leaving in search of something more fulfilling and better suited to their values and life choices.” Welcome to the Great Reshuffle.

“Hybrid working is the new pay, in terms of being the first thing that people are looking at when it comes to a new job. Hybrid has given a lot of people the opportunity to see that they don’t have to choose between office work and home work, and they’re very reluctant to give up that mix now they’ve reaped its benefits.”

Bruce Daisley, writer and podcaster

People are finding jobs that give them the right pay, benefits and work arrangements in the longer term,” says Anthony Klotz, the US academic who first coined the term ‘Great Resignation’. “There’s now a greater ability for people to fit work into their lives, instead of having lives that squeeze into their work.”

And it’s never been easier for workers to pick and choose when it comes to a new job. According to LinkedIn data, in 2021 jobseekers viewed nearly twice as many job posts before applying as they did in 2019. And over the same period, the site saw a 25% global average increase in the number of members changing jobs. In the Asia-Pacific region, the number was as high as 60%. In a poll of 6,000 adults in the UK at the end of last year by recruiter Randstad, more than two-thirds said they were positive about easily finding a new position, leading Randstad CEO Victoria Short to comment: “Job loyalty is a thing of the past.”

What this means for employers is that it’s never been harder to attract and retain the best talent. For them, alarm bells are ringing, according to Mark Dixon, Founder and CEO of IWG. “There’s a real fight on for talent,” he says. “Leaders need to understand that they can’t just dangle the carrot of a fat salary and expect to attract the best job candidates – not to mention hanging on to their best workers. Today’s job candidates have very different expectations to those of just a few years ago. Employers need to get smart if they’re going to woo them.”

So how can they do that? What exactly are jobseekers looking for in the brave new employment world of 2022? As Klotz says, it’s not just about pay.
What workers really want

According to new research by IWG, hybrid working is a key factor in attracting and retaining top talent in today’s job market. In a poll of 2,000 office workers that asked what was the leading employee benefit they would expect in a new role, 88% cited hybrid working. And, for a large proportion of them, it was seen as far more than just a benefit: almost half said they would only consider roles that allowed them to work in a hybrid way, dividing their time between a central office, home and a local flexspace.

“I think a big part of the attraction is the sense of personal autonomy,” says Bruce Daisley. “People are rebalancing their lives.”

This desire is reflected by the global growth of hybrid working, which was quantified earlier this year in a survey by Future Forum, an initiative launched by Slack. It found that the percentage of people working in a hybrid arrangement around the world had increased from 46% to 58% in the previous six months. It also found that the vast majority of global knowledge workers expected to have flexibility in both where and when they work. And, if they couldn’t get it, they were prepared to find it elsewhere:

72% of those who were dissatisfied with their current level of flexibility said they were likely to look for a new job in the next year.

“It’s time to move past the ‘remote versus office’ debate,” declared Brian Elliott, Executive Leader of Future Forum. “The future of work isn’t either/or – it’s both.”

A new survey by the UK’s Office for National Statistics found that 84% of workers wanted a hybrid lifestyle. And it seems people are willing to go and find it if they don’t already have it. The increase in the number of people actively trying to seek out hybrid work is reflected in data collected by Indeed, the world’s largest job site. It found that the share of searches for the word ‘hybrid’ increased by 6,531% over the 12 months to the end of April this year, making it one of the fastest growing terms on the site.

“What this means for employers is that if they can offer hybrid working, they should be explicit about that in their job ads, because people are increasingly searching for it,” says Pawel Adrjan, Head of EMEA Research at Indeed’s Hiring Lab.

A similar picture emerges from data analysed by Indeed’s sister company, Glassdoor, which allows users to submit anonymous reviews of employers. It showed that mentions of the word ‘hybrid’ in the site’s hundreds of thousands of employee reviews grew by 1,074% last year. This led the company to name ‘hybrid’ as its ‘Word of the Year’ for 2021.

“What they also found was that ‘hybrid’ tended to be noticed in the positive parts of people’s reviews,” says Adrjan. “And even when it was mentioned in the negative section, it was usually people complaining about the lack of hybrid work.”

Employers keen to retain top talent should also be aware that simply doling out a higher salary is increasingly not the answer. Researchers in the US including Nicholas Bloom, an economics professor at Stanford University, have found that employees value hybrid working on average at about the same as a 10% pay rise. A survey by IWG found that US employees expected to be compensated by a similar amount if they were asked to attend the office on a daily basis.

“Firms not offering hybrid working are missing out on a highly effective way to retain and recruit staff,” says Bloom.

Why has hybrid working become so popular? What exactly are its attractions for potential and current employees? These are key questions for leaders at a time when many firms are deciding on how their workforce is going to work in the months ahead.

IWG’s survey found that hybrid is beginning to gain parity with salary, pension and holiday as a key factor to consider when looking for a new job.

Clearly hybrid is a powerful draw, and IWG’s survey identified specific reasons for this.

“88% of employees cited hybrid working as a leading benefit they would expect in a new role.”

Brian Elliott, Executive Leader, Future Forum

“Firms not offering hybrid working are missing out on a highly effective way to retain and recruit staff.”

Professor Nicholas Bloom, Stanford University
A better quality of life

More than two-thirds (67%) of respondents said that hybrid working had improved their work/life balance, and fewer than one in five (17%) said it hadn’t. More than a third (37%) said it had improved their mental health and wellbeing.

Research by Microsoft has shown how the last two years have reshaped our priorities, drawing a vivid line between what’s important to us – health, family, time, purpose – and what’s not. As a result, what the company calls employees’ ‘worth it’ equation – what they want from work and what they’re willing to give in return – has changed. The company’s Work Trend Index 2022 surveyed 31,000 people in 31 countries and found that 47% of respondents are now more likely to put family and personal life over work than they were before the pandemic. And in addition, 53% — particularly parents (55%) and women (56%) – say they’re more likely to prioritise their health and wellbeing over work than before.

The Work Trend Index survey also found that the top two reasons people gave for leaving their jobs last year were issues with personal wellbeing or mental health (24%) and work/life balance (24%). Way down in seventh place came “not receiving promotions or raises I deserved”, further illustrating the shift in priorities. “People have proved you can be a great employee and have a life,” says the report. “Now, flexibility and wellbeing are non-negotiables that companies can’t afford to ignore.”

Hybrid working offers the best of both worlds in terms of the new priority of work/life balance and wellbeing.

When it comes to working from home, a global survey of 9,000 knowledge workers by Slack found that homeworkers experienced a boost in their quality of life. This is predominantly because time spent working from home or at a nearby flexspace offers more opportunity for spending time with family and loved ones – not to mention our pets.

WHAT IT’S WORTH

How employees value hybrid working with two or three days a week spent at home as percentage of current pay

34% would expect up to a 35% pay rise

64% would expect up to a 10% pay rise

THE PET PREMIUM

IWG’s survey showed the importance of our furred and feathered friends, with more than two-thirds of respondents saying that ‘pawternity leave’ – time off to look after a new pet – is an important benefit when they’re looking for a new job. There are also significant wellbeing benefits that come from spending time with pets. Cuddling or stroking an animal releases the hormone oxytocin in our brains, which has a calming and soothing effect, as well as significantly reducing our levels of the stress hormone cortisol.

IWGPLC.COM
But while there are health and wellbeing benefits that accrue from working at home, there are also potential negatives. Loneliness can be an issue, as can so-called ‘Zoom fatigue’, which refers to the sense of exhaustion that can result from hours of video calls. As Microsoft CEO Satya Nadella put it: “Thirty minutes into your first video meeting in the morning, because of the concentration one needs to be on video, you’re fatigued.”

Research by Accenture found that those who had a hybrid work model during the Covid-19 pandemic had better mental health and stronger work relationships, and experienced less burnout than those who worked entirely in the office or entirely remotely. That’s because the office side of the hybrid equation is equally important for wellbeing, because it offers the opportunity to see and interact with colleagues and like-minded individuals, whether that’s at a central HQ or a local flexspace.

A survey of 12,000 professionals in the US, Germany and India by Boston Consulting Group found that during lockdown respondents had missed the connectivity they had with colleagues in the office, especially “being able to spontaneously walk to a coworker’s desk and discuss an issue” and “social gatherings at work”.

Those social moments and chance encounters at the watercooler, which are almost impossible to recreate when working at home, offer the opportunity for idle gossip, creative discussion and the growth of personal relationships. And this can be particularly crucial for new entrants to the workplace.

“It’s clear that working solely at home or solely at a main office is not what people want or need,” says Dixon. “They love the sense of companionship that comes with face-to-face interaction, but they don’t necessarily want that every day of the working week. Their personal lives are becoming more important to them.”

According to a Microsoft survey, 47% of respondents are now more likely to put family and personal life over work than they were before the pandemic on the daily commute should also not be underestimated as an incentive for workers to embrace a hybrid model. Research by IWG earlier this year found that two-thirds (66%) of office workers considered it important to cut down on commuting to make life more sustainable, while three-quarters (76%) said that commuting was an important step in fighting the climate crisis.

These opinions are supported by the facts. A recent report by the International Energy Agency estimated that although home working results in increased residential energy use, it is still up to four times more energy efficient than the daily commute. Following on from this research, the EU recently recommended hybrid working as a way of reducing energy demand at a time of reduced oil and gas supplies.

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Bruce Daisley, writer and podcaster

Cutting back on the commute

Over a third (36%) of respondents said hybrid working had reduced their commuting load.

“One of the questions I’ve been asking people recently is how much the rail fare to their office is,” says Daisley. “For a lot of people, that expense used to be just a fact of life, but nowadays the trip to a city centre office looks like a really expensive endeavour, even before you’ve bought yourself a sandwich and a drink at the end of the day.”

According to research by confused.com, workers saved as much as £544 a month on commuting and other work-related costs during pandemic-enforced lockdowns. But as well as being a financial cost, commuting is a significant contributor to daily stress and bad health. A report by the UK’s Royal Society for Public Health in 2016 highlighted the health impacts of commuting by rail, bus or car, showing that longer commute times are associated with increased stress, higher blood pressure and BMI, as well as less health-promoting activity such as exercising and sleeping. A reduction in commuting, even for just two or three days a week, can lead to a significant increase in wellbeing. And if companies adopt the ‘hub-and-spoke’ model, offering employees the opportunity to work in a satellite office close to home, the short journey is likely to be undertaken on foot or by bicycle, with added benefits to health.

Cutting down on the commute also gives us back some of that most treasured commodity: personal time. Stanford’s Bloom has been researching remote and hybrid working since 2004, and his recent survey of more than 30,000 workers in the US who were able to work from home found that their saved commuting time on work-from-home days averaged 70 minutes. Asked how they used that saved time, his respondents said that around 40% was spent working on their job, while the rest was divided between indoor leisure activities such as watching TV or playing games (19.7%), chores and home improvements (16.2%), outdoor leisure or exercise (13.5%), and childcare (9.9%).

“People are reclaiming a big part of their lives,” says Daisley. “In a world in which we are increasingly dealing with challenges of scarcity, hybrid working gives us the gift of time.” The sustainability benefits of cutting down

The energy saving that comes from reduced commuting is massive and vividly demonstrates the environmental advantages of hybrid working, says Dixon.

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Bruce Daisley, writer and podcaster
A boost to productivity

Nearly a third of respondents (31%) said they felt that productivity is enhanced by the hybrid model.

“This isn’t about taking time off to be lazy – it is about flexibility to work effectively as and when we work at our best,” said Richard Osbourne, a Senior Manager at PwC, in May. He was responding to a tweet by Lord Alan Sugar, in which the UK Apprentice host had labelled the professional services company “lazy gits” after they announced that employees could take Friday afternoons off during the summer.

Like Osbourne, a third of IWG’s respondents would beg to differ, as they feel that the flexibility of hybrid work makes them more productive. And the evidence seems to support them. “We are seeing an uptick in productivity and an uptick in many companies’ results,” said Ann Francke, Chief Executive of the Chartered Institute of Management, in February, announcing the results of a survey of members that found 84% had adopted hybrid working in their businesses. “We’re not saying everyone should work from home 100% of the time, we’re saying the best practice is to have a blend,” she added.

Bloom’s research at Stanford shows that hybrid working increases average productivity by around 3-5%. It’s not a huge increase, but it’s significant, he believes. Most people want to work at home for two or three days a week, and if this is likely to bring even minor productivity gains, companies are more likely to go down the hybrid road. “It’s a win-win on both sides,” says Bloom.

Last year, Accenture’s Future of Work survey, which polled more than 9,000 workers around the world, found that 83% believed hybrid is the optimal way of working, because, as it also does with health and wellbeing, it offers the best of both worlds. For the survey respondents, the main reasons for being in an office included easier access to technology, collaboration with colleagues in face-to-face settings, and access to ‘non-traditional spaces’ that could lead to creativity and innovation. Reasons they cited for working from home included quality of life and the freedom to take more productive breaks from work when the need arose. Broadly speaking, the home is generally seen as a place for individual, focused work, while the office enables collaboration and collective creativity.

Daisley says the purpose of the office should be to "create an energising culture" that makes a workforce productive. The five main ways it can help to achieve that, he adds, is by enabling both meetings by appointment and meetings by accident, acting as a workshop; providing learning; and encouraging team cohesion.

It’s also true to say that a happier workforce tends to be a more productive one, and the wellbeing benefits of hybrid working already mentioned in this white paper are likely to result in higher productivity.
It’s clear that a seismic shift is occurring in the way that both current and potential employees consider the world of work. When it comes to attracting and retaining the best talent, as Dixon says, the carrot can no longer simply be a fat salary. Priorities have changed.

A recent LinkedIn report on global talent trends observed that: “Employees are demanding – and quite often getting – more freedom to work where and when they want and more attention to their wellbeing.” As our survey discovered, for a large proportion of workers, hybrid working, which brings more freedom in terms of working locations and also wellbeing advantages, is now seen as a key benefit in a new job. For almost half, it’s non-negotiable.

Employers who fail to understand and react to this sea-change may find both the present and long-term costs to be considerable. “It’s important that leaders understand what’s happening,” says Daisley. “They’re part of a competitive job market and the world is moving on. Hybrid working is increasingly a key factor in the battle for talent.”

"Our surveys have consistently shown us that people want to work close to where they live," says Dixon, who adds that there are also significant financial benefits for companies that adopt the 'hub-and-spoke' model, allowing employees to work at nearby satellite flexspaces, with the occasional trip to the main office – which can consequently be downsized. "Why should companies go to the expense of providing prestige office accommodation in city centres when their people have been proven to be just as effective and productive elsewhere – not just at home but in offices ‘around the corner’?" he adds.

Research by Global Workplace Analytics has shown that companies can save more than £8,000 per employee annually by switching to a more flexible, hybrid model, saving on traditionally fixed overhead costs such as rent, heating and support staff. According to figures compiled by commercial property consultant Lambert Smith Hampton, a 100,000sqft London office could save £6m a year by moving 50% of its footprint to the suburbs, closer to where its employees live.

There’s also a sustainability and quality of life factor here. A local flexspace is a crucial component in the concept of the 15-minute city, where people can find everything they need, including shops, amenities and place of work, within a 15-minute walk or cycle ride from their home.

“We believe that soon the idea that every morning workers wake early, jump into polluting cars or overcrowded trains, and travel many miles to their place of work will seem incredible,” says Dixon. “In the near future we’re convinced there will be a professional workspace available everywhere – from the largest city to the smallest village. This transformation will unlock unprecedented value for businesses and local economies, while providing an important contribution to improving the environment.

“With people working locally, local amenities and retail outlets will receive a boost and new jobs will be created to service a national network of workspaces. Work/life balance will improve, making people more productive and healthier. And, with travel reduced, carbon emissions will fall and cities will see far less congestion. Meanwhile, local communities will thrive as investment floods in for new infrastructure and facilities.”

CONCLUSION

It’s clear that a seismic shift is occurring in the way that both current and potential employees consider the world of work. When it comes to attracting and retaining the best talent, as Dixon says, the carrot can no longer simply be a fat salary. Priorities have changed.

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We help more than eight million people work the hybrid way in thousands of locations worldwide. Find out more about what we do today at iwgplc.com