



UNIVERSITY OF LEEDS

# Furloughing and the Coronavirus Job Retention Scheme in the UK: Managers' experiences and perspectives

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## EXECUTIVE SUMMARY

We report initial findings from a unique survey of managers on the practice of furlough, their experiences of the Coronavirus Job Retention Scheme (CJRS), and workplace change during the Covid-19 pandemic.

The study draws on an online survey of managers in the UK with responsibility for staffing (HR managers, or other managers at senior or middle level) conducted online during February and March 2021. The survey resulted in an achieved sample of 2,000 participating managers.

### BACKGROUND TO THE CJRS

- The CJRS was introduced in March 2020, and is a unique policy intervention for the UK, designed to offer support for the furloughing of workers by firms thereby limiting the number of redundancies.
- The CJRS has been revised and extended on several occasions. Originally intended to run until June 2020, it will now close at the end of September 2021.
- A flexible furlough to allow firms to reduce working hours and receive a subsidy for hours not worked has been in place since July 2020.
- Official statistics show that take-up of the CJRS has been high. A cumulative 11.4 million jobs have been supported by the CJRS (up to March 2021) involving 1.3 million employers, with £57.7 billion of government support.
- At its peak in April/ May 2020, Office for National Statistics data show that 8.8 million jobs (29% of the workforce) were furloughed through the scheme, reducing to 2.5 million jobs in October 2020, and rising again to 5.7 million jobs in March 2021.

### THE CHANGING BUSINESS CONTEXT DURING THE PANDEMIC

- The survey found that a little under half of businesses (47%) had remained open throughout the pandemic, 15 per cent had paused their activities throughout, one quarter (24%) had been open for just part of the period, and 14 per cent had operated with some services open and others paused.
- Just under half (48%) of firms saw decreasing levels of turnover, while a quarter (25%) experienced increased rates of turnover during the pandemic.
- Employment in the last 12 months had decreased in three out of ten businesses (30%), with just 17 per cent stating that employment had increased.
- In terms of employment-related changes, the most common responses to the pandemic by managers was to freeze pay, introduce new technology, reduce working hours and freeze posts. Fourteen per cent had initiated compulsory redundancy programmes and 15 per cent voluntary redundancies.

### FURLOUGHING AND THE CJRS AT WORK

- Levels of furloughing were high, with 69 per cent of managers reporting that at least some employees had been put on furlough during the course of the pandemic. Furloughing was most prevalent in legal services, marketing/ advertising, hospitality and leisure and utilities, and less common in professional services, healthcare and agriculture.
- Where businesses did put staff on furlough, they have used it for relatively high proportions of their staff. Half (53%) of managers reported that their businesses put at least half their staff on furlough, in just over a quarter of cases (26%) more than eight in ten staff were put on furlough.
- In most cases (79%) where furlough had taken place it was supported by the CJRS. Around a fifth of businesses (21%), therefore, had furloughed without using the CJRS. Use of the CJRS was associated with the proportion of staff on furlough: the higher the proportion of staff on furlough the more likely businesses were to use the CJRS.
- Private sector (82%) businesses were more likely to have furloughed workers with the support of the CJRS than public sector (62%) organisations. Highest use of CJRS were reported in hospitality and leisure, marketing/ advertising, manufacturing and utilities, with proportionately lower levels in the healthcare and technology sectors.
- Furloughing staff only on the basis of full-time hours was the most common approach (by 46% of businesses using the CJRS), while one-fifth (20%) used only flexible furlough of staff, the remainder mixing both approaches (34%).
- Flexible furlough was twice as likely to be used in the public sector, than the private sector. Micro businesses, employing less than ten staff, were more likely to use the CJRS to support the full-time furloughing of staff.
- Most businesses (seven in ten) topped-up the CJRS either partially or fully. Half of those topping up provided a full wage top-up, with this being more likely in the public sector, amongst firms with higher average wages, in firms with higher proportions of managerial and professional staff, and in firms which recognised trade unions.
- Managers surveyed were generally positive about the value of the CJRS to their organisations, with three quarters (75%) agreeing support was essential to keep their organisations viable during the pandemic. Very few firms felt the scheme was administratively burdensome.
- Challenges associated with the CJRS related to the impact of revisions to the scheme and uncertainty about its longevity. Just under half of managers (45%) reported that the CJRS had only delayed inevitable redundancies in their organisations.
- There was support for a longer-term, co-ordinated approach to job retention, with three-quarters of respondents in favour of a longer-term version of the CJRS to help businesses manage their ongoing workplace planning more effectively.
- One-fifth of cases (21%) furloughed without CJRS support. The most common reasons for not using CJRS was the existence of a self-funded company furlough scheme (31% of those not using the CJRS) and a view that CJRS criteria did not apply to their specific business case (29%).
- Nearly all self-funded furlough schemes had been established during the pandemic. In around seven in ten cases (69%), the self-funded scheme covered all of an employee's wage.



## THE MANAGEMENT OF FURLOUGH

- The survey revealed a generally positive perspective on furloughing, with managers seeing it as a valuable means to help retain workforce skills, an effective alternative to redundancy, and an essential means to remain operational during the pandemic.
- Furloughing was also perceived to bring broader business benefits, allowing for a quicker recovery, being good for long-term commitment and organisational performance.
- Nonetheless, some managers reported that tensions had arisen between the business and staff over who gets furloughed. Managers also recognised the challenges of reintegrating workers after furlough, with many anticipating short-term drops in performance.
- A majority of firms (73%) had actively sought to engage with staff while on furlough, through enhanced means of organisational communication, while more than half of managers reported they had provided extra support for staff to learn new skills whilst furloughed.
- Sizeable minorities of firms anticipated that cuts in pay (37%), working hours (43%) and redundancies (42%) were more likely once workers returned from furloughing.

## NEW TECHNOLOGY AND CHANGING WORKING PRACTICES

- In many firms, the pandemic had accelerated investments in the digitalisation of employee interactions, customer channels, HR processes, and the digitalisation of supply chains.
- Unsurprisingly, the pandemic had impacted upon some working practices, with approximately six in ten managers reporting an increase in remote working, and a majority of respondents also reporting an increased emphasis on employee well-being and mental health (58%), health and safety (56%) and management communication with staff (53%).
- Changes in workplace relations were considered to have improved rather than deteriorated during the course of the pandemic. Improvements were most evident with regard to management-union relations, with half of those surveyed claiming the relationship with recognised trade unions had improved. Trust in management and in the overall climate of employment relations had also improved in a sizeable minority of firms.
- Reported levels of improvement in workplace relations were (statistically) significantly higher in those cases where workers had been furloughed compared to non-furloughed counterparts.

## TOWARDS RECOVERY

- The majority of firms were of the view that demand for their organisations' products and services would increase over the next two years, and there would be a need for more investment in new technology and digitalisation of employee interactions and collaboration. Four in ten firms expected more investment in automation and AI, a figure rising to two-thirds of large firms.
- In terms of anticipated changes to working practices, the most frequently reported changes related to a greater emphasis on health and safety and on collaborative working. There was also strong support for greater remote and flexible working. Changes were more likely for large firms and for firms that had furloughed staff.
- One-fifth of firms indicated that they would look to establish a self-funded furlough scheme after the pandemic. This suggests, for some firms at least, the pandemic has led to longer-term changes in their approaches to managing labour.
- A sizeable minority of firms were favourably disposed to state-supported initiatives that are designed to help firms cope with the uncertainties of economic crisis.

## RECOMMENDATIONS

- A long-term furlough scheme should be introduced, supported through appropriate employment legislation, as a means to mitigate the effects of downturns and prevent higher unemployment on an ongoing basis.
- Businesses should be encouraged to look to furloughing as an alternative to redundancy and job retention seen as beneficial long-term human resource management (HRM) practice. This should be incorporated into a new ACAS code of practice.
- The government should look to introduce a post-Covid-19 employment recovery plan that not only includes support for education and training, but a comprehensive programme of support for workers made redundant as a direct result of the Covid-19 crisis.

# INTRODUCTION

More than 11 million jobs have been furloughed in the UK during the course of the Covid-19 pandemic. Many businesses have been able to furlough workers because of direct financial support from the government through the Coronavirus Job Retention Scheme (CJRS). While a number of national-level datasets exist on the extent of furlough and CJRS support, little is known about the experiences of, and attitudes towards, furloughing and the CJRS by managers. Against this backdrop, the report offers insights from a unique survey of managers on the practice of furlough, their experiences of the CJRS and wider workplace and technological change during the Covid-19 pandemic.

The findings of the study are drawn from an online survey of managers working in UK businesses employing more than three people. Questionnaire design and analysis of the data were undertaken by researchers at the Universities of Leeds and Cranfield, with survey administration carried out by the research agency Opinium. The survey was conducted online during February and March 2021. To ensure a good spread of respondents, minimum quotas of 400 responses were placed against businesses according to whether they had: 3-9 employees; 10-49 employees; 50-250 employees; more than 250 employees. A screening process ensured that only respondents that held middle or senior management positions, with responsibility for HR and/or staffing matters, participated in the survey. The survey resulted in an achieved sample of 2,000 participating managers. The characteristics of the participating businesses that managers worked in - including region, sector, industry and size - are reported in Annex 1. All reported findings are unweighted.

## THE REPORT IS SPLIT INTO SEVEN SECTIONS.

**Section one** sets out the background and context of the CJRS and presents national data on the extent of take-up of the CJRS.

**Section two** introduces our findings by considering the changing business context of managers participating in the survey, including the extent of change in business turnover, levels of employment and a variety of employment-related practices.

**Section three** details the extent of furloughing and how this has been supported by the use of the CJRS, and considers the perceived benefits and challenges for managers of using the CJRS.

**Section four** examines the management of furlough, with reference to the perceived benefits for businesses of furloughing and the challenges that will be faced when workers return from furlough.

**Section five** examines wider employment-related changes that managers have faced during the pandemic, with particular reference to the extent of acceleration in technological investments, changes in working practices (such as remote working) and the nature of workplace relations between management and employees.

**Section six** considers the immediate post-pandemic period and examines managers' perceptions of how the business environment is likely to change and the potential implications of this for work and employment. The role that government can play in supporting post-pandemic recovery is explored.

**Section seven** offers some concluding remarks and comments on longer-term policy options.

In summary, the results show that the practice of furlough and the support of the CJRS has evoked positive responses from managers. There is clear evidence that the CJRS and furloughing have helped to protect jobs. There is support amongst managers for some form of job retention beyond the crisis. At the same time, however, it is evident that businesses have been restructuring during the pandemic and alongside the practice of furloughing. This suggests a degree of fragility in the benefits that may have accrued from furloughing and the support of the CJRS. Notably, there remain clear risks of higher redundancies and adverse shifts in employment practices, as the CJRS is withdrawn.

## 1

BACKGROUND  
AND CONTEXT  
OF THE CJRS

On 20<sup>th</sup> March 2020, the UK government responded to the national lockdown of the economy imposed due to the pandemic by introducing the Coronavirus Job Retention Scheme (CJRS). The CJRS is a unique policy intervention for the UK, designed to offer support for the furloughing of workers by firms in order to limit the number of redundancies and keep unemployment down. The design of the scheme was shaped by dialogue between government, business groups and trade unions, and took some inspiration from similar 'short-time working' (STW) schemes that exist in other European nations. According to the OECD, by May 2020, as many as 50 million jobs globally were being supported by such job retention schemes, a tenfold increase compared to the Global Financial Crisis (GFC) of 2007/8 (Scarpetta et al, 2020)<sup>1</sup>. Countries such as Germany or France, through the *Kurzarbeit* and *Activité Partielle* schemes respectively, were able to amend and extend the coverage of pre-existing initiatives, but in the UK case the CJRS represents a novel response.

Employers have been able to claim against the CJRS to pay 80 per cent of a furloughed employee's wages, up to a maximum of £2,500 per month. To do so, an employer has to discuss and agree any furloughing arrangement with an employee and confirm this in writing. As the timeline of the CJRS in Table 1

shows, since its initial launch in March 2020, the CJRS has been revised and extended on several occasions. Originally intended to run for just four months, until the end of June 2020, the scheme is currently designed to close at the end of September 2021. In the first phase of the CJRS, workers were precluded from undertaking any productive work, and the scheme covered 80 per cent of wages and employers' National Insurance (NICs) and pension contributions. From July 2020, the second phase of the CJRS introduced an option of 'flexible furlough' to allow firms to reduce working hours and receive a subsidy for hours not worked – this provision enabled some work to be performed by workers and removed the previous bar on productive work while on furlough. In addition, a tapered employer contribution was introduced, with employers covering NICs and pension payments from August 2020, a 10 per cent contribution (towards the 80% total payment) from September 2020 and a 20 per cent contribution from October 2020. The CJRS was scheduled to close at the end of October 2020, but has been subsequently extended in response to further national lockdowns. Since November 2020 the CJRS has again paid 80 per cent of an employee's wage, with an employer contribution scheduled to take effect from July 2021, initially at 10 per cent and then 20 per cent for the final two months of the scheme (in August/ September 2021).

Table 1

Timeline of CJRS	Full CJRS (Y/N)	Flexible furlough (Y/N)	Government contribution	Employer contribution (employer NICs and pensions) (Y/N)	Employer contribution (hours not worked)	Employee receives for hours not worked
March - June 2020	Y	N	80% up to £2,500 (including employer NIC and pension contributions)	N	0	80% up to £2,500
July 2020	Y	Y	80% up to £2,500 (including employer NIC and pension contributions)	N	0	80% up to £2,500
August 2020	Y	Y	80% up to £2,500	Y	0	80% up to £2,500
September 2020	Y	Y	70% up to £2,187.50	Y	10% up to £312.50	80% up to £2,500
October 2020	Y	Y	60% up to £1,875	Y	20% up to £625	80% up to £2,500
Nov 2020 - June 2021	Y	Y	80% up to £2,500	Y	0	80% up to £2,500
July 2021	Y	Y	70% up to £2,187.50	Y	10% up to £312.50	80% up to £2,500
August/Sept 2021	Y	Y	60% up to £1,875	Y	20% up to £625	80% up to £2,500

<sup>1</sup> Scarpetta, S., Pearson, M., Hijzen, A. & Salvatori, A. (2020) 'Job retention schemes during the COVID-19 lockdown and beyond', *OECD Policy Responses to Coronavirus (COVID-19)*, 3<sup>rd</sup> August 2020. [www.oecd.org/coronavirus/policy-responses/job-retention-schemes-during-the-covid-19-lockdown-and-beyond-0853ba1d/](http://www.oecd.org/coronavirus/policy-responses/job-retention-schemes-during-the-covid-19-lockdown-and-beyond-0853ba1d/)

Data on the CJRS are available from a number of national sources. The Business Insights and Conditions survey (BICS – previously the Business Impact of Coronavirus (COVID-19) Survey), is a real time survey that has been conducted every two weeks since the start of the pandemic, while official data of applications and payments against the CJRS are provided by HMRC coronavirus (COVID-19) statistics. In what follows we draw from HMRC data, unless otherwise specified (see HMRC, 2021<sup>2</sup>).

Take-up of the CJRS has been high. Since the start of the scheme, a cumulative 11.4 million jobs have been supported by the CJRS (up to March 2021) involving 1.3 million employers, with £57.7 billion of government support. The number of jobs supported has varied over the course of the pandemic. As Figure 1 shows, the number of jobs supported by the CJRS peaked in April/ May 2020 at around 8.8 million – roughly 29 per cent of the workforce in all industries – before falling to a low of approximately 2.5 million jobs in late October 2020. Since then, numbers have increased again to just over 5 million jobs supported by the CJRS in January 2021, with preliminary data from BICS suggesting that up to 5.7 million jobs were furloughed in March 2021 (ONS, 2021)<sup>3</sup>.

The number of jobs supported by full and flexible furlough has also varied over time. By the end of October 2020 the number of fully furloughed jobs had fallen to 1.36 million, with a little under one million jobs supported by flexible furlough. Since then, levels of flexible furlough have increased slightly to 1.4 million jobs by the end of January 2021, while the number of jobs supported through full furlough has increased at a higher rate to 3.3 million jobs.

At an aggregate level, accommodation and food services and the wholesale and retail sectors have furloughed the highest number of jobs, with 1.2 million and 1 million jobs furloughed in each sector respectively at the end of January 2021. This reflects the vulnerability of these sectors to lockdown, with outlets unable to open. When numbers furloughed as a proportion of all jobs are considered, the take-up rate of furlough in wholesale and retail was comparatively low by the end of January 2021 at 22 per cent, compared to the 68 per cent of jobs furloughed in the accommodation and food services sector. Most industries that made significant use of the CJRS in its first phase also experienced notable increases in furlough from November 2020 onwards; the types of jobs affected currently (May 2021) are largely similar to the start of the pandemic.

Disaggregated data highlights the variable use of the CJRS for different groups. Slightly more women than men have been furloughed, though this varies by region, with furloughed jobs at the end of January 2021 comprising 52 per cent women and 48 per cent men. A call for a temporary legal right to furlough for working parents was proposed by the Trade Union Congress early in 2021 after they discovered that seven in ten requests for furlough by working mums were being denied.<sup>4</sup>

In terms of age, younger workers in the 18-24 and 25-34 categories have recorded the highest aggregate number of furloughed jobs. Patterns in rates of furloughed jobs across all age groups are broadly consistent with full furlough rates over time, with 65 and over being the exception where the rate has been relatively stable throughout. Analysis by the Resolution Foundation (2021) highlights that employees in low paid, insecure work have also been more likely to be furloughed.<sup>5</sup> In addition, they estimate that some 475,000 employees have been furloughed for at least six months, suggesting some potential problems for these employees re-engaging with work once furloughing ends.

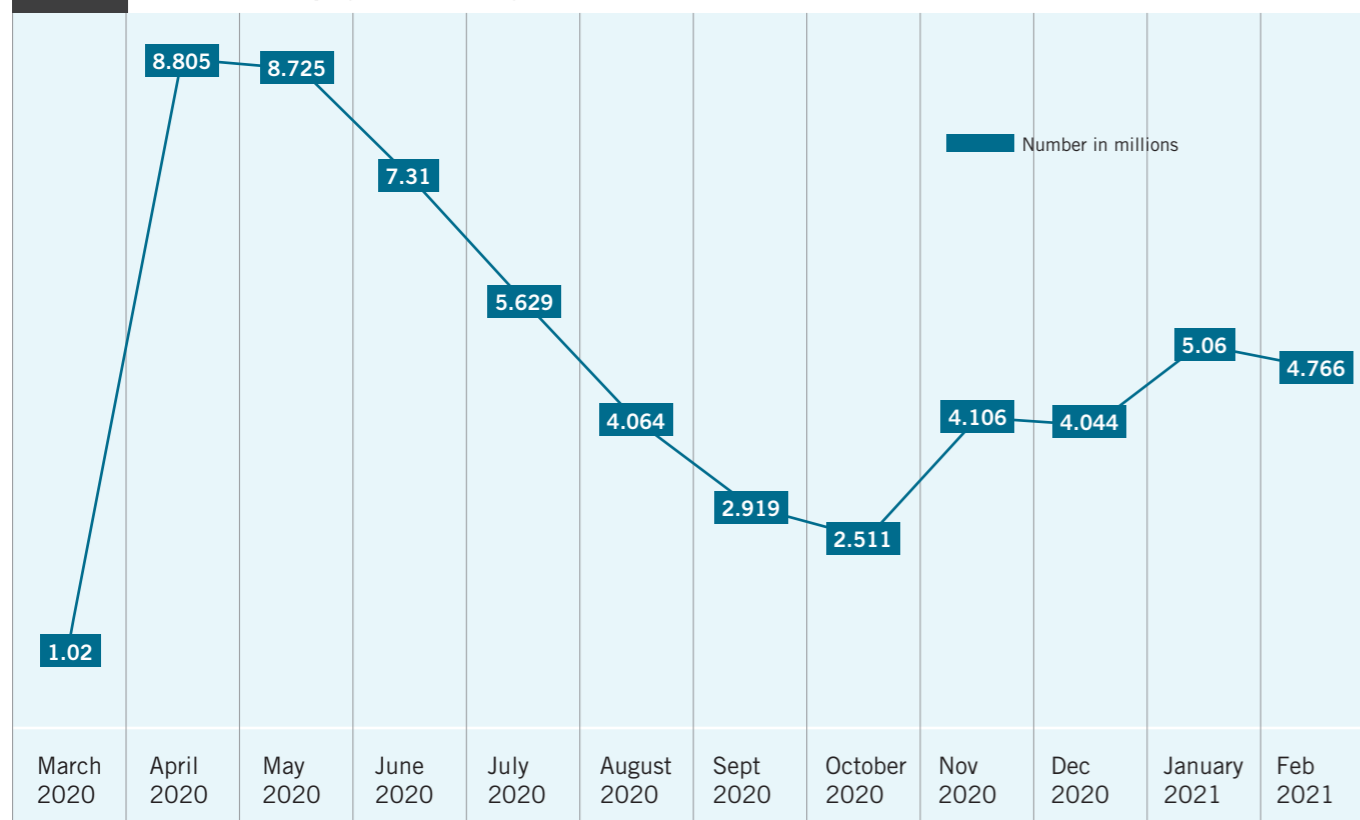
Finally, there has been some variation by region and firm size. The highest proportion of furloughed jobs have been located in London, with approximately 16 per cent of jobs furloughed at the end of 2020. Furlough is roughly inversely correlated with firm size: larger firms have been less likely proportionally to furlough workers than smaller firms. At the end of January 2021, just 10 per cent of jobs were furloughed in employers with more than 250 workers, compared to 34 per cent of jobs for employers with 5-9 workers and 36 per cent in the 2-4 employees size band.

The CJRS has no doubt prevented a catastrophic increase in unemployment. The Office for Budget Responsibility predicted in the early stages of the pandemic that unemployment would increase to 11.9 per cent by the end of 2020. This did not materialise and the OBR's current forecast is for unemployment to rise from a current rate of 5 per cent to 6.5 per cent by the end of 2021. There was a notable surge in reported redundancies during September to November 2020, with the number of redundancies per 1000 workers rising to a record peak of 14.6, higher than during the peak of the global financial crisis (which peaked at 12.20). This number has subsequently fallen to 11 per 1000 for the quarter to the end of January 2021. What is most notable, however, is that the unemployment rate increased by just 1.1 per cent (to 5%) from January 2020 to January 2021. This offers some support for the contention that firms have been encouraged by the CJRS to retain workers and that furloughing has helped to prevent higher unemployment.

In summary, the aggregate data suggests that the take-up of the CJRS has been high, with a significant number of workers still on furlough one year into the pandemic. The evidence so far supports the intended aim of the CJRS to mitigate a significant negative effect on the labour market. What remains to be established, however, is how managers perceive the CJRS and how the scheme has impacted on workforce planning and practice. This is where our survey findings seek to contribute and add new insights to the debate on furloughing in the UK.

**“In summary, the aggregate data suggests that the take-up of the CJRS has been high, with a significant number of workers still on furlough one year into the pandemic”**

Figure 1 Number of Employments furloughed (Millions)



Source: HMRC (2021). Note: figures for February are provisional only.

<sup>2</sup> HMRC (2021) Coronavirus Job Retention Scheme Statistic: March 2021. Published 25<sup>th</sup> March 2021. Coronavirus Job Retention Scheme statistics: March 2021 - GOV.UK ([www.gov.uk](http://www.gov.uk))

<sup>3</sup> ONS (2021) Coronavirus and the latest indicators for the UK economy and society: 15<sup>th</sup> April 2021. Coronavirus and the latest indicators for the UK economy and society - Office for National Statistics ([www.ons.gov.uk](http://www.ons.gov.uk))

<sup>4</sup> TUC (2021) Working Mums and COVID-19: Paying the Price, TUC Gender Equality Briefing, published 14<sup>th</sup> January, 2021, [www.tuc.org.uk/sites/default/files/2021-04/WorkingMums.pdf](http://www.tuc.org.uk/sites/default/files/2021-04/WorkingMums.pdf)

<sup>5</sup> Cominetti, N., Henehan, K., Slaughter, H., and Thwaites, G. (2021) Long Covid in the Labour Market, London: Resolution Foundation, published 17<sup>th</sup> March 2021, [www.resolutionfoundation.org/app/uploads/2021/02/Long-covid-in-the-labour-market.pdf](http://www.resolutionfoundation.org/app/uploads/2021/02/Long-covid-in-the-labour-market.pdf)

# 2

## THE CHANGING BUSINESS CONTEXT



The survey asked managers how their businesses had fared during the COVID-19 pandemic and whether they were able to remain open throughout or had to pause their activities for part or all of the time. As Table 2 reports, a little under half (47%) had remained open throughout, with 15 per cent having paused their activities for the duration of the pandemic. Just over one in ten (12%) had paused their activities but were now open, while a further 12 per cent had been open at the start of the pandemic but had subsequently paused their activities. In 14 per cent of cases, businesses were operating with some activities open and others paused. There were notable sectoral differences, with businesses in legal services (32%), hospitality and leisure (31%) and food and drink (29%) more likely to report that activities had been paused throughout the pandemic.

Given the uncertain operating context for many business, it is no surprise that the pandemic would have an economic impact, in terms of business turnover. As Table 3 shows, while some businesses did experience increased turnover during the COVID-19 pandemic a far greater proportion saw decreasing levels of turnover. In total, just under half (48%) saw decreasing levels of turnover, which for 11 per cent of all businesses impacted turnover by more than 50 per cent. A quarter (25%) experienced increased rates of turnover, which for the majority meant increased turnover of up to 25 per cent. Again, there were varied and statistically significant differences across sectors. Increased turnover was more likely to have occurred in the IT/ computing (41%) and technology (39%) sectors, whereas seven in ten (70%) in the hospitality and leisure sectors saw decreased levels of turnover.

**Table 2**

Business activity during the COVID-19 pandemic	Frequency	%
The organisation has remained open throughout	945	47
The organisation's activities have been completely paused throughout	306	15
The organisation's activities were open earlier in the pandemic, but they are currently on pause	232	12
The organisation's activities paused for a period of time but has since reopened	240	12
The organisation's activities are part open/ active but some of our organisation activities have been paused	277	14
<b>Total</b>	<b>2000</b>	

**Table 3**

Impact of COVID-19 on business turnover in the past 12 months	Frequency	%	Net
Turnover has increased by more than 50%	63	3	
Turnover has increased by 26%-50%	152	8	
Turnover has increased by up to 25%	272	14	25
Turnover has not been affected	475	24	
Turnover has decreased by up to 25%	515	26	
Turnover has decreased by 26%- 50%	225	11	
Turnover had decreased by more than 50%	225	11	48
Not sure	73	4	
<b>Total</b>	<b>2000</b>		<b>(23)</b>

Source: Leeds Survey of Job Retention; all figures are rounded, and may not add to 100%

Source: Leeds Survey of Job Retention; all figures are rounded, and may not add to 100%

The uncertain business context has had an impact on employment levels (Table 4). The total number employed in the last 12 months had decreased in three out of ten businesses (30%), with just 17 per cent stating that employment had increased. Again, the hospitality and leisure sectors were the most adversely affected, with nearly half (49%) of businesses experiencing a decrease in the numbers employed. Staffing levels were more likely to have increased in the technology (36%) sector. There was a clear association between business turnover and changes in the numbers employed. Managers in businesses where turnover had decreased were more than 2.5 times more likely to report that the numbers employed had also decreased compared to instances where turnover had increased.

Decreased levels of full-time employment were reported by around a third of managers (32%), with decreases also reported for part-time (26%) and temporary (25%) forms of employment contract. Changes in employment contract were least evident for zero hours contracts, which decreased for 15 per cent of businesses and increased for 14 per cent, but such contracts were only in use in a little under six in ten (59%) businesses. Overall, then, with the exception of zero-hours contracts, decreases in employment were more common than increases, although the most common response for all contract types was for employment levels to have remained the same over the last 12 months.



**“There was a clear association between business turnover and changes in the numbers employed”**

Table 4

Change in numbers employed in last 12 months by contract type (%)	Employment	Full-time	Part-time	Temporary	Zero hours
Decreased	30	32	26	25	15
Stayed the same	52	51	49	35	30
Increased	17	15	18	18	14
Don't know/NA	1	2	7	21	42

Source: Leeds Survey of Job Retention; all figures are rounded, and may not add to 100%

Managers are, of course, able to respond to adverse economic conditions in many ways, not just in terms of reducing employee headcount. Table 5 explores a wide range of potential employment-related changes that have taken place in response to COVID-19. Where applicable the findings are compared to the results of the 2011 Workplace Employment Relations Survey<sup>6</sup>, a nationally representative data source that reported employers' responses to the period post-2008 economic crisis. The findings are broadly comparable with the WERS 2011 findings, with slightly fewer (20%) managers reporting that their businesses have taken no action in response to COVID-19 compared to WERS 2011 (25%).

The most common response, as in 2011, was to cut or freeze pay (35%). WERS did not ask about the introduction of new technology, but for the current survey this was a notable response reported by a quarter (25%) of the sample. A notable point of difference with ten years' earlier was the reduction in basic hours. Just over one fifth (22%) reported reducing basic

hours as a response to the pandemic, a much higher level than in 2011. At one level, this is no surprise, as the massive fall in hours worked across the UK economy has been one of the defining labour market outcomes during COVID-19. At another level, however, it may reflect a change in approach, with more firms looking to cut hours than headcounts.

Significantly, the proportion of cases of compulsory redundancy as a response to crisis was nearly identical for the pandemic to the findings reported in WERS 2011, at 14 per cent. In the opposite direction, however, the proportion of businesses initiating programmes of voluntary redundancy was twice as high for the pandemic (15%) as in 2011 (7%). There was evidence that training expenditure had both reduced (19%) and increased (10%), although the aggregate response was negative.

Table 5

Employment-related changes made in response to the COVID-19 pandemic (%)	All businesses (2021)	WERS 2011*
Pay freeze/ cut in wages	35	41
Introduced new technology	25	
Reduce basic hours	22	14
Freeze on filling vacant posts	22	26
Reduce training expenditure	19	17
Freeze on bonus payments	18	
Reduce agency or temporary staff	17	15
Voluntary redundancy	15	7
Internal redeployment	14	
Compulsory redundancy	14	13
Increase training expenditure	10	
Increase work hours	11	
Enforced unpaid leave	8	3
No action taken	20	25

Source: Leeds Survey of Job Retention. \*The WERS survey asked managers, 'which, if any, of these actions were taken by your workplace in response to the recent recession?' (Van Wanrooy et al (2013: 18).

<sup>6</sup> Van Wanrooy, B., Bewley, H., Bryson, A., Forth, J., Freeth, S., Stokes, L. & Wood, S. (2013). *Employment Relations in the Shadow of Recession: Findings from the 2011 Workplace Employment Relations Survey*. Basingstoke: Palgrave Macmillan



# 3

## FURLOUGHING AND THE CJRS AT WORK

The survey asked questions about the extent of furloughing and the views of managers on furlough. In total, nearly seven in ten (69%) participants to the survey reported that at least some employees had been put on furlough during the course of the pandemic. While there was no significant difference in the extent of furlough between the private and public sectors, there were marked variations across industrial sector. Furloughing was most prevalent in legal services (87%), marketing/ advertising (87%), hospitality and leisure (85%) and utilities (81%), and less common in professional services (58%), healthcare (50%) and agriculture (40%). The key message, however, is that, with the exception of agriculture, levels of furloughing were clearly very high, with levels of participation in furlough covering at least half of all businesses per sector.

To probe the reach of furlough activity within businesses, the survey asked about the proportion of staff put on furlough throughout the course of the pandemic. As Table 6 shows, where furlough took place a little over half (53%) of managers reported that their businesses put at least half their staff on furlough, in just over a quarter of cases (26%) more than eight in ten staff were put on furlough. The remainder put less than half their staff on furlough to varying proportions, with just 12 per cent putting less than ten per cent of staff on furlough. The proportion of staff on furlough was highest in the hospitality and leisure sectors, where two-thirds (68%) of businesses had put more than half their staff on furlough. As we note in the context to this report, the extent of furlough across the UK economy has varied over the course of the pandemic, with levels highest during the first period of national lockdown from March 2020. However, even a year after the start of the first lockdown a significant number of businesses still have staff on furlough. When asked about the current proportion of staff on furlough the medium level across survey participants was 30 per cent, with six per cent of managers reporting that 100 per cent of staff were on furlough. Overall, then, the picture that emerges is that where businesses did put staff on furlough, they have used it for relatively high proportions of their staff.

**Table 6**

Proportion of staff on furlough	Frequency	%
81-100% of staff on furlough	352	26
51-80% of staff on furlough	367	27
31-50% of staff on furlough	239	17
10-30% of staff on furlough	247	18
<10% of staff on furlough	167	12
All on furlough	1372	100

Source: Leeds Survey of Job Retention.

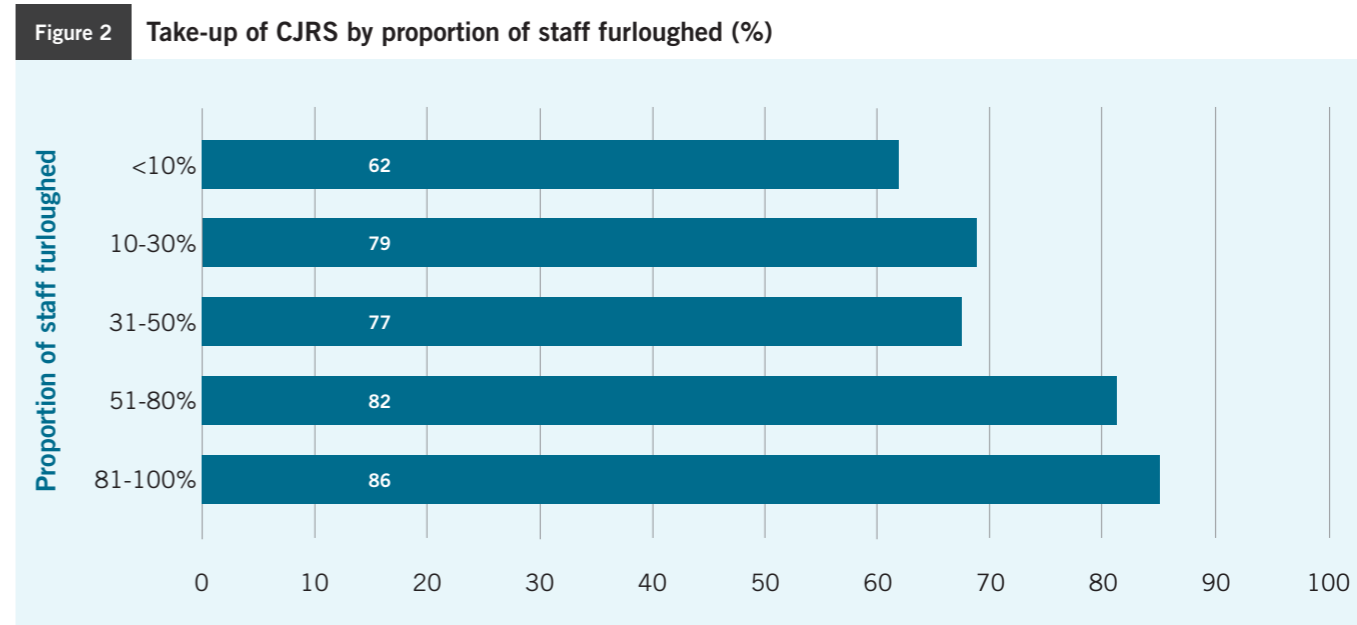
The decision about whether to put staff on furlough or not was primarily seen as a strategic decision by management. While this was the case for eight in ten (80%) businesses, the survey allowed participants to report multiple sources of decision-making. Thus, for around two-thirds (65%) there was joint decision-making between management and staff and for a little over half (57%) staff were able to request furlough. The latter is particularly important given the pressures that lockdown has placed on those staff with caring responsibilities, for example, in relation to home schooling. The least reported avenue for decision-making was through agreement with local trade unions, which happened in 43 per cent of all cases of furlough.

Furloughing in the UK context, as noted, is largely synonymous with the Coronavirus Job Retention Scheme (CJRS). It was anticipated, therefore, that where businesses had put their staff on furlough it would have been under the auspices of the CJRS. While this was the case for a large majority, a minority of businesses did not take-up the support available through the CJRS. In total, 79 per cent of cases where furlough had taken place was supported by the CJRS. Around a fifth of businesses (21%), therefore, had furloughed without using the CJRS (see later in report). As Figure 2 shows, there was a clear association between the take-up of the CJRS and the proportion of staff that had been furloughed: use of the CJRS was more likely the higher the level of staff furloughed. Nearly nine in ten (86%) managers in businesses that had furloughed nearly all staff (between 81-100% of staff) reported using the CJRS compared to a little over six in ten (62%) managers in businesses that had furloughed very few (less than 10%) staff.

**Table 7**

Decision to place workforce on furlough	Frequency	%
Strategic management decision	1095	80
Joint decision between management and staff	888	65
Staff able to request furlough	779	57
Agreement with local trade unions	583	43

Source: Leeds Survey of Job Retention. Note: includes multiple response



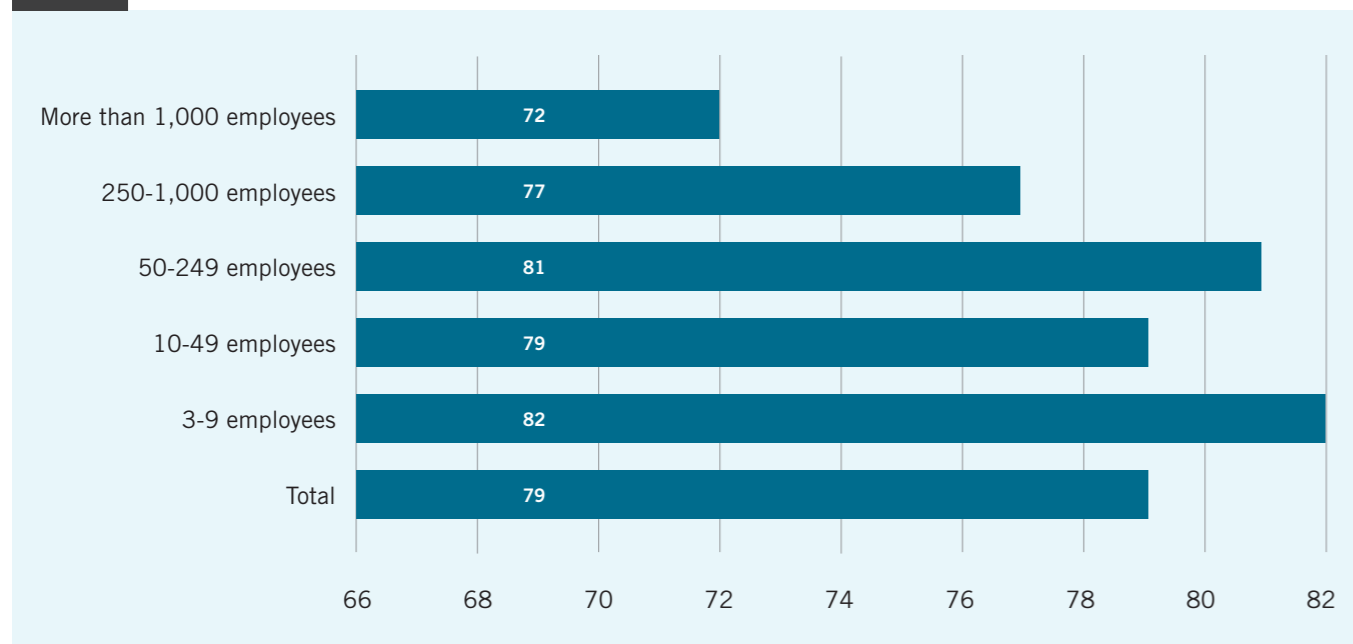
Source: Leeds Survey of Job Retention;  $\chi^2=39.67$ ,  $p<.001$



There was some difference in the take-up of CJRS by the size of businesses, with slightly lower levels of use of the CJRS in larger businesses (see Figure 3) employing more than 1000 staff, although this finding was not statistically significant. There was, however, significant variation by sector. Private sector (82%) businesses were more likely

to have furloughed workers with the support of the CJRS than public sector (62%) organisations. More specifically, high levels of CJRS were reported in hospitality and leisure (88%), marketing/ advertising (87%), manufacturing (86%) and utilities (85%), with proportionately lower levels in the healthcare (66%) and technology (62%) sectors.

Figure 3 Take-up of CJRS by size of business (%)



Source: Leeds Survey of Job Retention;  $\chi^2=8.55$ ,  $p=0.07$

The CJRS gives businesses the option of furloughing staff on a full-time basis or on the basis of a specified number of hours; what is known as 'flexible furlough'. As Table 8 details, furloughing staff on the basis of full-time hours was the most common approach, with 46 per cent of those businesses that used CJRS adopting such an approach. A fifth (20%) used the CJRS to only support the flexible furlough of staff, with around a third (34%) adopting a mix of flexible and full-time furlough. Flexible furlough was much more likely to be used in the public sector (33%) compared to the private sector (17%), and was particularly prevalent in local government. The type of furlough supported by the CJRS was also significantly associated with firm size. Micro businesses, employing less than ten staff, were more likely to use the CJRS to support the full-time furloughing of staff, used in 56 per cent of cases, compared to those businesses that employed more than 1,000 staff (45%). Flexible furlough was more likely to be adopted by those businesses employing between 250 and 1000 staff (used in 25% of cases).

As discussed above, the CJRS offers support to businesses to cover 80 per cent of an employee's salary, up to a maximum of £2,500 per month. It is at the discretion of each employer whether they wish to 'top up' the CJRS, potentially to cover the full salary of an employee. As Table 9 shows, the majority of businesses using the CJRS, seven in ten, did top-up either part or all of an employee's wage. Just three in ten did not. Where the CJRS was topped up, it was most commonly to cover the full wage of an employee, with a little under half (47%) of all businesses providing such a top-up. A small proportion of businesses (8%) offered a top-up, either partial or full, to a select group of staff. In such cases, we asked for an explanation of why there was selectivity in top-up. The reasons varied, but there was evidence to suggest that seniority, typically at management grade, length of service, and perceived value to the business were the main reasons for topping up some staff salaries and not others.

Table 8

Did the Coronavirus Job Retention Scheme (CJRS) cover the following types of workers?	Frequency	%
The full-time hours of staff only	499	46
A specified number of hours (flexible furlough) only	220	20
A mix of full-time and flexible furlough	366	34
Total	1085	100

Source: Leeds Survey of Job Retention.

A full top-up of salary was significantly more likely in the public sector compared to the private sector, and conversely with levels of no top-up proportionally higher in the private than public sector. Looking more closely at individual sectors, no top-up of CJRS was significantly associated with businesses in food and drink (56%), hospitality and leisure (50%), transport (49%) and health care (46%), while full top-up was more likely in the utilities (64%), marketing/ advertising (62%), professional and business services (57%) and education (56%) sectors. There was also an association between the top-up of the CJRS and the modal wage band in businesses, with managers in businesses with a higher average wage structure more likely to report full-top of the CJRS than those in businesses with a lower average wage structure. For example, 43 per cent of managers in businesses with a modal pay range of £21k-30k reported full top-up of the CJRS compared to 60 per cent of managers in businesses with a modal pay range of £61-80k. Likewise, managers in businesses where the largest occupational group was comprised of higher or intermediate managerial and professional level workers (53%) were more likely to report that the CJRS support had been topped-up to cover full pay than those in businesses where the largest occupational group was made up of semi-skilled and unskilled workers (24%).

Trade union recognition was also positively associated with top-up to full wages. Less than one in five (18%) businesses with a recognised trade union offered no top-up of the CJRS compared to more than a third (35%) of businesses without a union. Conversely, 59 per cent of businesses with a recognised union offered a full wage top-up of CJRS compared to just 43 per cent of their non-unionised counterparts.

Table 9

Top-up of CJRS?	Frequency	%
No top-up of CJRS	334	31
Top-up to cover full-wage to all staff	504	47
Partial top-up to all staff	165	15
Only offered top-up to selected staff (partial or full)	82	8
Total	1085	100

Source: Leeds Survey of Job Retention; all figures are rounded, and may not add to 100%.

Managers surveyed were generally positive about the value of the CJRS to their organisation. As Table 10 details, three quarters (75%) of respondents that had used the CJRS agreed (or strongly agreed) that using CJRS support was essential to keep their organisation viable during the pandemic. One potential criticism of such support schemes is that applying for funds comes at a high administrative expense. The survey strongly suggests this was not seen to be the case. Seven in ten that used the CJRS reported that applying for support was simple. Just ten per cent disagreed. In addition to allowing firms to furlough existing workers, the CJRS allows firms to rehire workers they had previously made redundant. In a little under half of cases (45%) the CJRS had been used to rehire workers that had previously been made redundant.

Table 10

Managers' perspectives on the CJRS (%)	Strongly agree	Agree	Neither	Disagree	Strongly disagree
The CJRS was essential to keep organisation viable	33	42	17	7	2
Simple to apply for CJRS support	22	48	20	8	2
CJRS enabled the organisation to rehire workers previously made redundant	12	33	30	17	8
Frequent revisions to CJRS have made long-term staff planning difficult	16	40	26	15	3
Introduction of employers' contributions meant furloughed staff were made redundant	11	32	25	22	10
CJRS does not offer long-term certainty	19	44	25	10	2
Longer-term version of CJRS would help businesses manage ongoing restructuring plans more effectively	22	51	20	7	1
CJRS has kept uncompetitive businesses open	16	43	29	11	1
CJRS has only delayed inevitable redundancies at this business	14	31	23	24	9

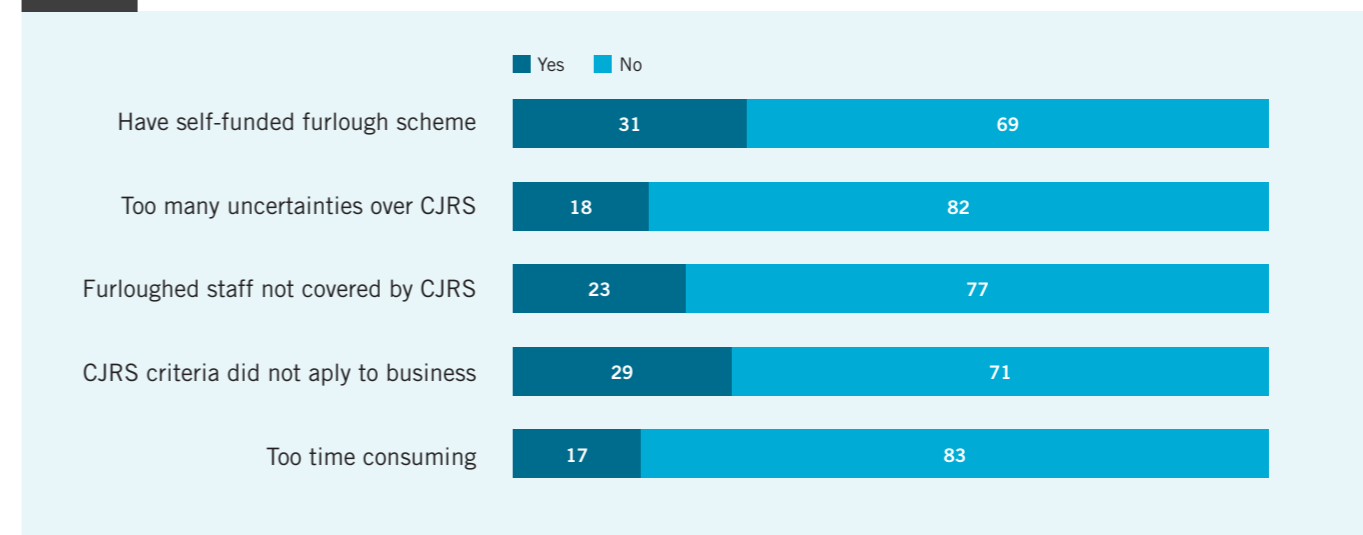
Source: Leeds Survey of Job Retention; all figures are rounded, and may not add to 100%.

There were nonetheless clear challenges associated with the CJRS, related to the impact of revisions to the scheme and the uncertainty around its longevity. Just over half (56%) of managers reported that the frequent revisions made to the scheme have impacted their staff planning for the longer-term, with nearly two-thirds (63%) suggesting that the CJRS does not offer long-term certainty. Uncertainty around the scheme has potentially impacted longer-term employee retention and may have increased the likelihood of workforce redundancies. More than four in ten (43%) managers reported that the introduction of employers' contributions, through August 2020 to the end of October, 2020, meant that their organisation

had made furloughed staff redundant. A broadly similar proportion (45%) reported that the CJRS has only delayed inevitable redundancies in their organisation, although a third disagreed with this scenario. There was also a clear concern that the CJRS could have resulted in uncompetitive businesses remaining open, with 59 per cent agreeing with this statement. In this context, there was evident support for a longer-term approach to job retention, with a little under three-quarters of respondents (73%) in favour of a longer-term version of the CJRS to help businesses manage their ongoing restructuring plans more effectively. This suggests broad support for a coordinated approach to job retention beyond the crisis.

Despite the popularity of the CJRS, not all employers used the scheme to support their workforce furloughing. As noted above, in around a fifth of cases (21%) furloughing had taken place without CJRS support. The most common reasons reported for this were the existence of a self-funded company furlough scheme (31% of those not using the CJRS) and a view that CJRS criteria did not apply to their specific business case (29%). Other reasons, detailed in Figure 4, include perceived uncertainty over the CJRS (18%), the fact that furloughed staff were not covered by the CJRS (23%) and a view that the application process was too time-consuming (17%).

Figure 4 Reasons for not using CJRS (%)



While the number of cases where managers reported having a self-funded furlough scheme was small – just 88 instances – it does raise an intriguing question about the context that may have led some businesses to go it alone rather than take state support from the CJRS. Indeed, the presence of any furloughing scheme outside of that established by the government is an important and novel finding. The presence of self-funded furlough suggests that, for some business at least, there are policies on job retention in place – policies that have been activated and used to manage the effects of the downturn without redundancies. The CJRS was not required in this case. In all but one case self-funded furlough schemes had been established during the pandemic, with a little over half (53%) established during the first six months of the UK lockdown (from March 2020) and the remainder since then. In around seven in ten cases (69%) it was claimed that the company furlough scheme covered all of an employee's wage. The existence of self-funded furloughing suggests a potential model for other businesses to operate similar schemes post pandemic.

The main differences between organisations that introduced self-funded furlough compared to those that furloughed with the support of the CJRS were: firm size, sector, occupational focus, and the extent to which they were economically affected by the pandemic. Organisations with self-funded furlough were, on average, larger, with 54 per cent employing more than 100 people compared to 48 per cent of CJRS cases. The leading sectors for self-funded furlough were IT/ computing (15% of cases), education (12%), construction (11%) and manufacturing (11%), while the leading sectors for CJRS take-up were hospitality (11%), IT/ computing (11%) and manufacturing (11%). For just under half (46%) of the self-funded cases, the largest occupational group was intermediate/ managerial/ professional compared to 37% of CJRS organisations. Organisations that took advantage of the CJRS were disproportionately affected by the pandemic, with 57 per cent reporting a decrease in annual turnover and 39 per cent reporting a decrease in employment compared to 37 per cent and 22 per cent of self-funded organisations respectively.

# 4

## THE MANAGEMENT OF FURLOUGH

Despite the widespread use of furlough during the pandemic, little is known about the experiences of businesses and the perspective of managers towards furloughing as a workforce practice. This is explored in Figure 5. Participants to the survey were asked whether they agreed or disagreed with a series of statements about the practice of furlough, measured on a five-point scale from strongly agree to strongly disagree (with neither as a mid-point). The findings show a generally positive perspective on furloughing. Nearly eight in ten (78%) respondents saw furlough as a valuable means to help retain workforce skills, with approximately three quarters considering furlough an alternative to redundancy (74%) and an essential means to remain operational (75%) during the pandemic. Where managers in businesses had experienced a significant decrease (more than 50%) in turnover during the pandemic, they were more likely to 'strongly agree' (53%) that furlough represents an alternative to redundancy compared to the survey sample as a whole (31%). Together, these findings do suggest that furlough may have had a significant role in preventing layoffs during the pandemic.

The potential business benefits of furlough were also recognised. Just under three-quarters (73%) 'strongly agreed' or 'agreed' that furlough allows for a quicker recovery as the economy moves out of the pandemic. Similarly, around seven in ten (69%) regarded furloughing as good for long-term workforce commitment to the organisation, while nearly six in ten (59%) agreed that furlough was good practice for the long-term performance of the business.

A large majority (68%) reported that staff were positively disposed towards the practice of furlough, though many recognised that furloughing could create potential tensions within the business. Notably, just over four in ten (43%) reported that tensions may arise between the business and staff over who gets furloughed, with a broadly similar proportion (44%) agreeing that tensions between staff had arisen over who did or did not get furloughed. It is important to note, however, that net levels of agreement around such tensions at work were low compared to the other issues covered in Figure 5, as just over a third disagreed that tensions had arisen either between the business and staff or

between staff (35% in both cases). Finally, businesses had sought to put in place various support structures to assist staff while furloughed. Around three quarters (73%) agreed that managers had actively sought to engage with staff while on furlough, through enhanced means of organisational communication, while more than half of managers (59%) reported that additional support and resources had been made available for staff to learn new skills while on furlough. Managers that worked in organisations that made use of the CJRS reported higher levels of agreement for all the items detailed in Figure 5 compared to those cases that had not made use of the CJRS.

Overall, then, managers perceived that there were potentially longer-term benefits to be gained from furloughing, beyond the immediate benefits that came from being able to remain operational and reduce redundancies. Some of these benefits were perceived to come from the ability to retain staff and skills and from greater commitment levels of staff. There is also evidence that furloughing has been supported by other human resource practices, around communication and engagement.

Given the numbers of workers that have been put on furlough and the uncertain economic climate, it is highly likely that businesses will face a number of challenges reintegrating furloughed workers back into work. As Table 11 shows, the vast majority (69%) of managers claimed to have a clear plan for how they would go about reintegrating furloughed workers back into work. Nonetheless, there appeared to be a degree of realism about the challenges that businesses would face. The respondents to the survey were relatively balanced in their perceptions of anticipated difficulties reintegrating furloughed workers back into the workplace: 44 per cent agreed that they would face difficulties, while 36 per cent disagreed. Perceived difficulties were reported by a slightly higher proportion of the sample that did not make use of the CJRS. There was, however, more agreement that they would face a short-term drop in performance levels as furloughed workers returned to work: more than half (52%) agreed this would be a problem, compared to a little over a fifth (22%) that disagreed. Again, the proportion (56%)

that saw the likelihood of such a drop in performance was higher amongst the non-CJRS sample.

The findings also suggest that many furloughed employees are likely to face more adverse working conditions upon return to work, if they return at all. While a slightly higher proportion of businesses disagreed (42%) that workers would have to face a pay cut, a sizable minority (37%) agreed that a cut in pay would be likely. There was, however, a (statistically) significant difference between those that had made use of the CJRS and those that had not. Respondents in organisations that had made use of the CJRS were less likely (35%) to report that workers returning from furlough would have to accept a pay cut than those cases that had not made use of the CJRS (42%). This suggests the CJRS may have a role to play in preserving wage rates beyond furlough.

A cut in working hours for staff returning from furlough was an even more likely proposition, reported by 43 per cent of businesses. Half of all businesses (50%) indicated that the job roles of furloughed staff would have to be reconsidered. This could mean a restructuring of jobs with workers having to take-up new roles or it could mean a loss of jobs. In this context, a slightly higher proportion of managers agreed (42%) that furloughed staff would have to be made redundant compared to those businesses that disagreed (34%). Notably, managers in CJRS organisations were more likely (43%) to report that staff would need to be made redundant after furlough than managers in businesses that had furloughed but not made use of the CJRS (38%). This raises a question over the longer-term implications of the CJRS in preserving jobs.

There were some significant differences between industrial sectors, with redundancies more likely to be forthcoming in the business services (64%), IT/ computing (62%) and utilities (60%) sectors. The results overall suggest that there are high risks of redundancy beyond the end of furloughing. They also point to potentially long-term scarring effects of the pandemic on working practices for those organisations where furlough has allowed them to weather the storm of COVID-19: the future for jobs remains highly uncertain.

Figure 5 Perspectives on furlough (%)

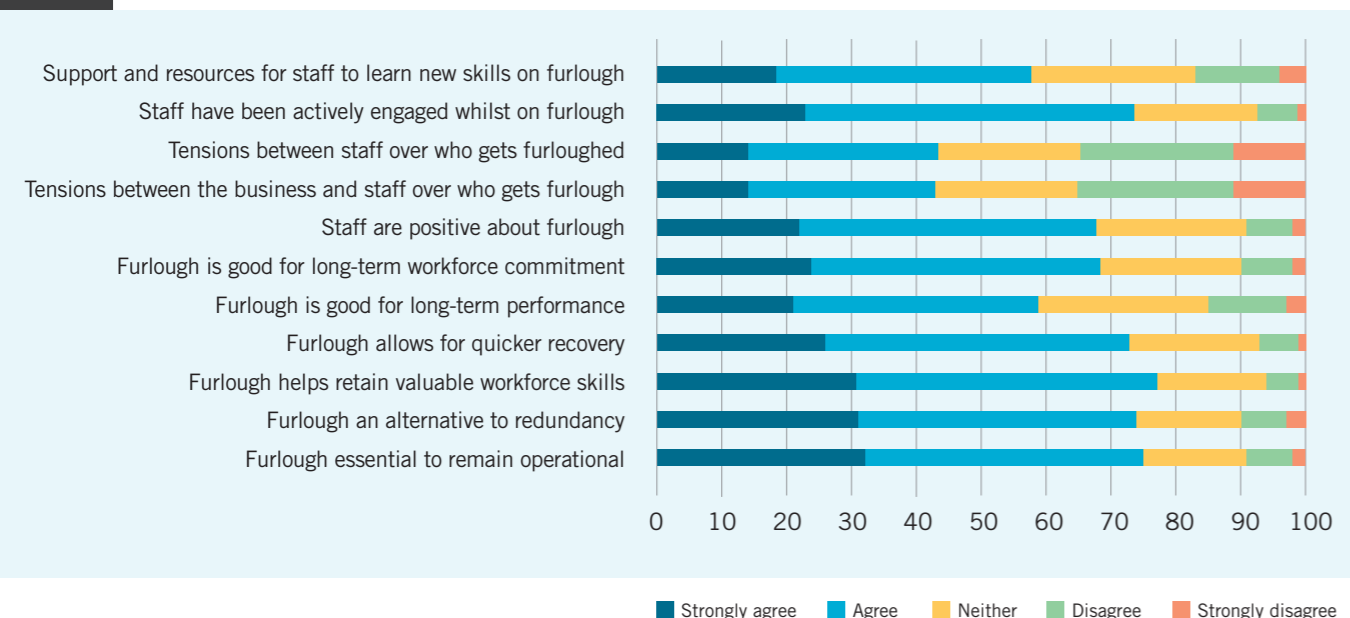


Table 11

Returning from furlough x CJRS (%)	Agree (all)	Agree (CJRS)	Agree (no CJRS)	Disagree (all)	Disagree (CJRS)	Disagree (no CJRS)
Clear plan to reintegrate furloughed staff back into work	69	70	66	10	10	9
Will face difficulties reintegrating furloughed staff	44	43*	45*	36	37*	28*
On return there will be a short-term drop in performance levels	52	52*	56	22	23	19
Staff returning from furlough will have to accept a pay cut	37	35*	42*	42	45*	32*
Staff returning from furlough will have to accept less hours	43	43*	40*	31	33*	26*
Will have to rethink the job roles of furloughed staff	50	50	49	28	29	24
Furloughed staff will have to be made redundant	42	43*	38	34	35*	31*

Source: Leeds Survey of Job Retention; all figures are rounded, and may not add to 100%; n=1320. Findings have been cross-tabulated with the use or not of the CJRS. The scale has been recoded into agree and disagree, with 'neither' omitted. \* p<0.05

# 5

## NEW TECHNOLOGY AND CHANGING WORKING PRACTICES



There is some debate about whether investment in new digital technologies and automation has accelerated during the pandemic. While there has been an obvious increase in the use of digital communication platforms as a means to facilitate working from home, much of this technological capacity existed prior to impact of Covid-19. The survey asked managers about the extent to which investment in various forms of digital technologies and automation had accelerated or decelerated over the past 12 months, based on a five-point scale from significantly accelerated to significantly decelerated (with a mid-point of 'no change'). Figure 6 presents the findings for accelerated investment only, and details the response for the whole sample, as well as cases with and without furloughing. In no more than seven per cent of cases had investment in new technologies decelerated. Accelerated investment was most pronounced for the digitalisation of employee interactions (47% of respondents), customer channels (44%) and HR processes (39%), and slightly less so for the digitalisation of supply chains (35%). Accelerated investment was least pronounced for automation and AI, but was still reported by 29 per cent of the sample. Across all forms of technological change, acceleration was reported to be more pronounced by managers in businesses that had furloughed staff compared to those that had not.

Across all technological forms, higher levels of acceleration were significantly associated with organisational size: the larger the organisation, the higher the level of technological acceleration reported. There was also a clear regional pattern, with the highest levels of acceleration reported by those managers based in London. A higher proportion of public sector respondents reported accelerated change across the different areas of technological change, compared to their private sector counterparts, a finding that potentially reflects the extent to which the public sector has been lagging technological development in the private sector. At an industry level, those working in the IT/ computer sector were more likely to report higher levels of acceleration across all dimensions of technological change.

Figure 6 Accelerated investment in technology by furloughing (%)

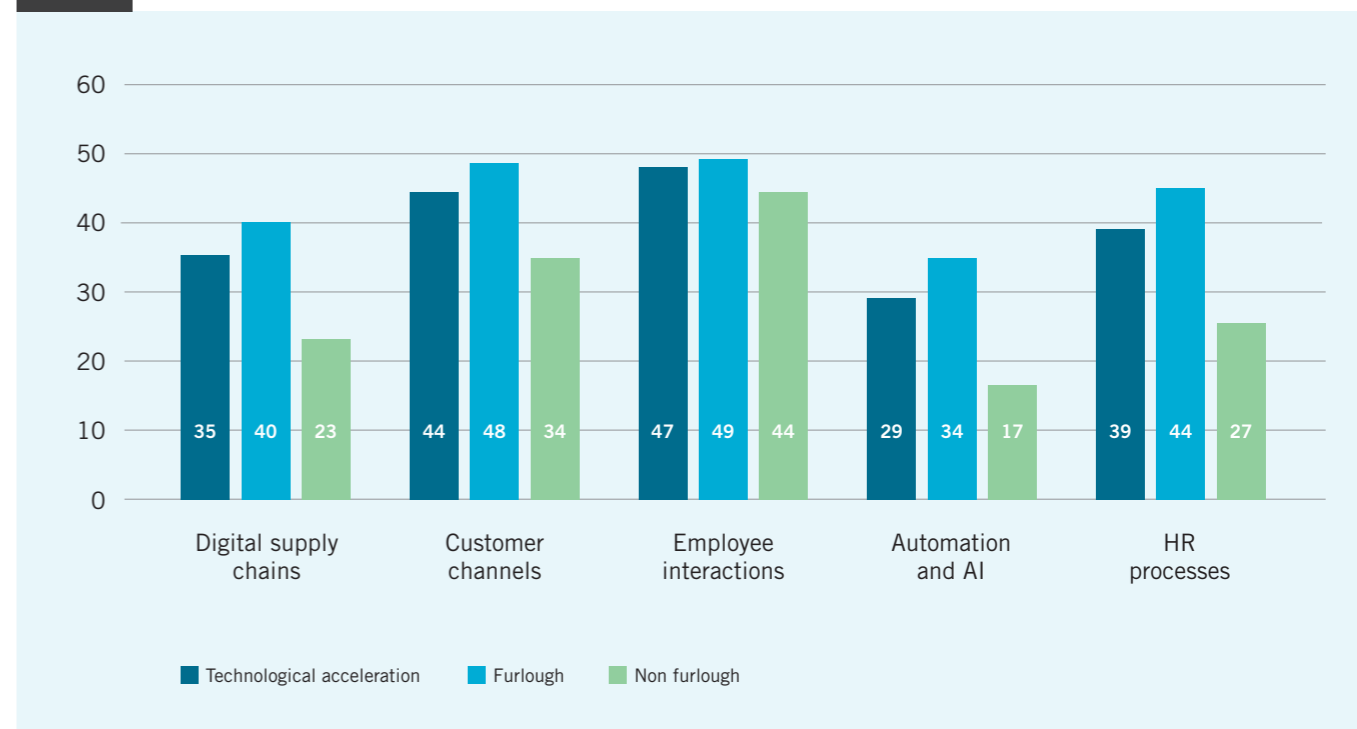




Table 12

Changes to working practices during Covid-19 (%)	Significantly increased	Increased	No change	Decreased	Significantly decreased
Remote working all of week	32	29	34	4	2
Remote working part of week	31	29	34	4	2
Health and safety	26	30	37	5	2
Employee well-being	22	36	36	4	2
Management communication with staff	17	36	38	7	2
Employee engagement	13	30	45	9	3
Developing staff skills	10	28	46	12	4
Monitoring staff performance	9	25	52	11	4
Negotiations with unions	8	19	66	4	2

Source: Leeds Survey of Job Retention; all figures are rounded, and may not add to 100%.

Table 12 details changes in working practices during the pandemic, in terms of the extent to which specific practices increased, decreased or stayed the same. The findings are ordered by the extent to which managers reported there had been significant levels of change. Unsurprisingly, the working practice most likely to have significantly increased was remote working, either for all or part of the week, with approximately six in ten managers reporting an increase in remote working. A majority of respondents also reported an increased emphasis on employee well-being and mental health (58%), health and safety (56%) and management communication with staff (53%). In terms of health and safety, eight in ten managers also reported that social distancing measures had been introduced in their workplace. An increased emphasis on employee engagement with staff (43%) and developing staff skills (38%) was reported by a significant minority of respondents, with the monitoring of staff performance (34%) and negotiation with trade unions (27%) the working practices least likely to have increased.

Overall, netting out increases and decreases, all the working practices detailed were reported to have been given increased emphasis during the pandemic, rather than a decreased emphasis. Decreased attention was most pronounced for developing staff skills (16%) and monitoring staff performance (15%), but again in both cases the net change to working practices was an increased emphasis. For all working practices, change was most likely to be associated with firm size, with significant increases most apparent for those managers based in businesses employing more than 2500 employees. There was a clear statistical association for all the reported changes in working practices and the dimensions of technological change reported above. Respondents that reported accelerated technological change were more likely to report increased change in working practices. The CJRS appears to have had a limited association with changing working practices, with the exception of increased levels of part-time work, remote working and employee well-being and mental health initiatives.

In addition to the changes detailed above, a little over half (52%) of surveyed managers also reported that there had been a restructuring of employee roles in their organisation. Such changes in working practices could conceivably impact wider workplace relations between management and employees. The survey explored the extent of change in workplace relations during the pandemic with respect to, staff trust in management, the climate of employment relations and, where appropriate, management-union relations. As the findings in Table 13 show, changes in workplace relations were considered to have improved rather than deteriorated during the course of the pandemic. Improvements were most evident with regard to management-union relations, with half of those surveyed claiming the relationship with recognised trade unions had improved. Similarly, the extent of trust in management was reported to have improved by 44 per cent of respondents, with four in ten reporting an improvement in the overall climate of employment relations. Reported levels of improvement were (statistically) significantly higher in those cases where workers had been furloughed compared to non-furloughed counterparts.

Table 13

Change in workplace relations during Covid-19 (%)	Improved (where furloughed)	No change	Deteriorated
Extent of staff trust in management	44 (48)*	47	9
Climate of employment relations	40 (45)*	50	10
Management relationship with recognised trade union(s)	50 (55)*	44	7

Source: Leeds Survey of Job Retention; all figures are rounded, and may not add to 100%. N=2000; \* significant at 0.001

## 6

## TOWARDS RECOVERY: MOVING BEYOND THE PANDEMIC

The final empirical section considers managers' perspectives on the prospects for their organisations as the economy moves out of the COVID-19 crisis and the likely impact this will have on working practices.

The survey asked managers to reflect on the competitive climate their organisations are likely to face in the post-COVID-19 period, specifically in terms of anticipated changes their organisations will either face or need to make in the two year period coming out of the pandemic. As Table 14 shows, the majority were of the view that demand for their organisations' products and services would increase (53% agreed), and there would be a need for more investment in new technology (57% agreed) and, specifically, the digitalisation of employee interactions and collaboration (54% agreed). There was a significant association between respondents that reported an increased need for new technology in the future and those that reported they had furloughed workers and had already experienced an acceleration in various dimensions of technological change.

Just over four in ten (43%) agreed that there would be increased adoption of automation and AI at their organisation. This finding was most pronounced for larger organisations, with 63 per cent of managers in organisations employing 500-999 staff agreeing there would be increased adoption of automation and AI and 62 per cent for those organisations employing between 1,000-2,499 staff. There was also an association between increased investment in automation and AI and experience of furloughing, with 45 per cent of managers in organisations that had furloughed staff agreeing there would be such increased investment compared to just 32 per cent of managers in organisations that had not furloughed.

Table 14

Changing competitive climate in aftermath of Covid-19 (%)	Strongly agree	Agree	Neither	Disagree	Strongly disagree
Demand for products and services will increase	15	38	35	10	3
More investment in new technology	16	41	28	10	4
Increased digitalisation of employee interactions/collaboration	16	38	32	10	4
Increased adoption of automation and AI	12	31	33	15	9
Increased use of a temporary workforce	10	23	28	25	15
Will need to make some redundancies	12	23	25	23	17
Will need to cut staff base by up to 50%	9	17	20	25	29
Will need to cut staff base by more than 50%	9	16	20	25	31
Will face shortages of skilled staff	11	27	28	24	10
Will be hard hit by Brexit	15	26	28	18	13

Source: Leeds Survey of Job Retention; all figures are rounded, and may not add to 100%. N=2000

Other anticipated changes in the competitive climate were less prominent, though were still reported by a significant minority of respondents. Approximately one third of managers reported that their organisation would need to either make redundancies (35%) or make increased use of a temporary workforce (33%) post pandemic, although more respondents were likely to disagree with such a scenario (40% for both options). Managers in those organisations that had furloughed staff were more likely to agree (45%) than disagree (30%) that there would be the need to make redundancies: there was no association with the take-up of the CJRS. The perceived need to make redundancies in the period post pandemic was also more apparent for larger organisations, with more than half the sample in firms employing 500-999 (56%), 1000-2499 (50%) and 2500 (54%) staff reporting that their organisations would need to make some redundancies.

Just under four in ten (38%) agreed that their organisations would face shortages of skilled staff as the economy moved out of the COVID-19 crisis, although a broadly similar proportion (34%) disagreed. There was also some evidence that Brexit would have a negative effect on the competitive climate, with just over four in ten (41%) of the managers surveyed agreeing that their organisation would be hit hard by Brexit.

Table 15 presents findings on managers' perceptions of anticipated changes to working practices that are likely to occur in their organisations in the two year period post pandemic. For many of the practices, a slight majority of respondents reported that changes are more likely to increase than decrease. The most frequently reported anticipated increases related to health and safety and collaborative working between management and staff. Just under six in ten (59%) managers reported there was likely to be an increased emphasis on health and safety at work, while 56 per cent took the view there would be an increase in more collaborative working between management and staff.

Table 15

Anticipated changes to working practices post-COVID-19 (%)	Increase	No change	Decrease
Emphasis on health and safety at workplace	59	37	3
More collaborative working between management and staff	56	40	4
Proportion of staff working remotely <b>part</b> of week	54	38	8
Employee demands for flexible forms of working	54	41	5
Proportion of staff working remotely <b>all</b> of week	52	40	9
Investment in staff training and development	50	43	7
Need for longer-term staff retention policy	42	52	6
Shorter working hours for all staff	31	57	12
Partnership working with trade unions	30	64	6

Source: Leeds Survey of Job Retention; all figures are rounded, and may not add to 100%. N=2000

There was strong support for the proposition that remote and flexible forms of working – which have increased significantly in response to the COVID-19 economic restrictions – would continue post-pandemic. Just over half of managers indicated that the proportion of staff working remotely, either part (54%) or all (52%) of the week, would increase in the two year period post-pandemic. A similar proportion (54%) anticipated increased employee demands for flexible forms of working, while half (50%) reported the need for increased investment in staff training and development.

For the remaining working practices, the majority of managers reported that the most likely response of their organisation would be 'no change'. Nonetheless, a significant minority anticipated an increased need for a longer-term staff retention policy (42%), shorter working hours for all staff (31%) and partnership working with trade unions (30%).

For all working practices, there was a significant statistical association with organizational size. Managers working for larger organisations (more than 100 workers) were more likely to envisage increased changes to working practices than managers from smaller organisations (less than 100 workers). There was also a positive association between experience of furloughing and increased change to working practices. For example, nearly half (49%) of managers whose organisations had furloughed staff reported that there would be an increased need for a longer-term staff retention policy in the post-pandemic period, compared to just under a third (28%) of managers in those organisations that had not furloughed any staff.

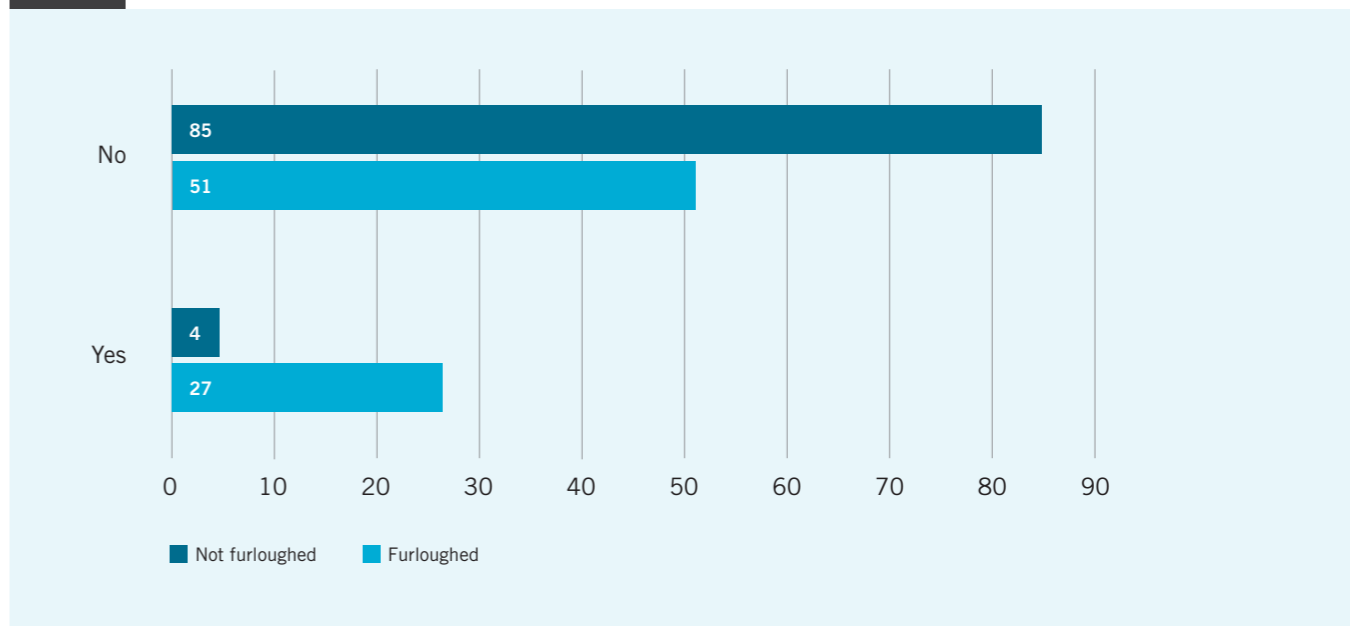
Given the extent of furloughing during the pandemic, in the main supported by the CJRS, it is an open question whether employers will continue with the practice, on a self-funded basis, in the longer-term. In total, a fifth (20%) of managers reported that their organisations would look to introduce a self-funded furlough scheme once CJRS support came to an end, which suggests, for some businesses at least, the pandemic has led to longer-term changes in their approaches to managing labour.

Unsurprisingly, there was a strong association between planned adoption of self-funded furloughing schemes and whether organisations had furloughed workers during the course of the pandemic. Just four per cent of managers in organisations that had not furloughed any workers suggested that they would introduce a self-funded scheme compared to more than a quarter (27%) where there had been an experience of furloughing. While there was no statistical association with the take-up of the CJRS, there was an association with the extent to which the CJRS had been topped-up. Of those respondents that had reported the CJRS had been topped-up to cover full wages, 35 per cent suggested their organisations would look to introduce a self-funded scheme, with a slightly larger proportion (43%) where CJRS top-up had been partial.

The popularity of the CJRS suggests that employers may well be favourably disposed to state-supported initiatives that are designed to help firms cope with the uncertainties of economic crisis. Figure 8 shows the views of our sample of managers to a variety of potential policy options that could be introduced to support businesses beyond the COVID-19 crisis. Curiously, in no case was there positive support from a majority of the sample. There was most support for government action to support the job prospects of workers through education and training initiatives, with a little under half (48%) of the sample responding positively to such a proposal. Managers in organisations that had taken support from the CJRS were more positive (49%) than those in organisations that had not (38%). Despite this level of support for state-led education and training initiatives, less than a quarter (23%) reported that they would be taking on staff under the government's Kickstart initiative.

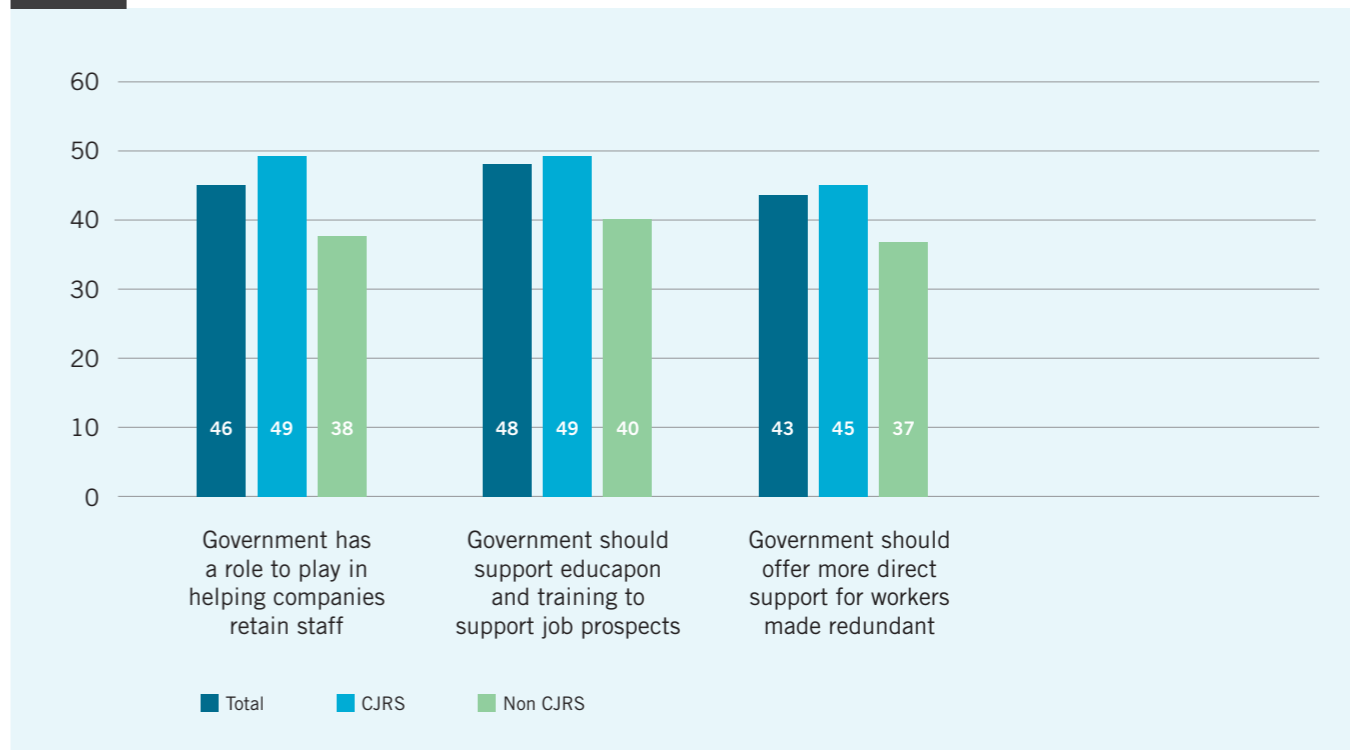
A little under half of managers (46%) supported a longer-term role for government in helping companies retain their staff, although a slightly higher proportion of cases (49%) that had used the CJRS supported this option. A broadly similar proportion (43%) saw a role for government in offering more direct support for workers being made redundant. Again, managers of organisations that had used the CJRS were slightly more positive (45%) than their counterparts in non-CJRS organisations (37%).

Figure 7 Will introduce self-funded furlough scheme by experience of furlough (%)



Source: Leeds Survey of Job Retention;  $\chi^2=235.97$ ,  $p < 0.001$ ; don't know omitted

Figure 8 Government support post-pandemic, by experience of CJRS (%)



Source: Leeds Survey of Job Retention



## 7

## CONCLUSIONS AND RECOMMENDATIONS



The report presents initial findings from a unique, online survey of 2000 managers on the practice of furlough, their experiences of using the Coronavirus Job Retention Scheme (CJRS), and workplace change during the Covid-19 pandemic.

The findings show that furloughing was pervasive and it was supported in a large majority of cases by the CJRS. Surveyed managers were generally positive about furloughing and the support available through the CJRS. Furloughing was seen as an alternative to redundancy, and the CJRS an essential means to keep businesses operational through the pandemic. In a large majority of cases, managers also reported that their businesses had contributed to staff retention by topping-up wages that were supported by the CJRS. There was strong support, favoured by three-quarters of surveyed managers, for a longer-term version of the CJRS to help ongoing workforce planning. There was also some support amongst managers for an increased emphasis on staff retention to help their businesses navigate the post-pandemic period.

A notable finding of the study was that a small proportion of businesses chose to support staff retention during the pandemic through self-funding, rather than relying on state support via the CJRS. Similarly, looking to the period post-pandemic, around a fifth of managers reported that their businesses would look to introduce a longer-term, self-funded furlough scheme once CJRS support comes to an end. Overall, then, the report offers evidence that the CJRS and furlough have helped to protect jobs, and there is support amongst managers for some form of job retention beyond the crisis.

At the same time, however, it is evident that businesses have been restructuring during the pandemic and alongside the practice of furloughing. There was some evidence of accelerated investment in new forms of digital technology and this seems set to continue post-pandemic. Such investment is likely to facilitate further trends towards new working practices established during the pandemic, most notably in terms of remote and more flexible forms of working.

There is also the evident risk of higher redundancies and adverse shifts in employment practices as the economy moves out the pandemic and the CJRS is withdrawn. A small minority of businesses had reduced workforce numbers during the pandemic, either through compulsory or voluntary redundancy programmes. The risk of higher redundancies is likely to intensify post-pandemic. Just under half of managers surveyed reported that the CJRS had only delayed inevitable redundancies, with workers returning from furlough either likely to lose their jobs or experience cuts in pay or hours. Given this context, it was notable that a little under half of surveyed managers were looking to the government to provide ongoing support for staff retention or focused support for those workers made redundant.

The report presents, therefore, a mixed picture. There is strong support for the practice of furloughing as a means to prevent redundancy, but there remains a high likelihood that businesses will shed labour once furloughing, notably through the support of the CJRS, comes to an end. It is important that the benefits of furloughing and the significant investment of the CJRS are not lost. The focus on job retention and the value of this to workers, businesses and the economy should be maintained longer-term. **Accordingly, we make the following policy recommendations:**

1. A long-term furlough scheme should be introduced, supported through appropriate employment legislation, and involving ongoing tripartite dialogue between government, employers and trade unions as a means to mitigate the effects of downturns and prevent higher unemployment on an ongoing basis. Such a scheme should be modelled on international examples of best practice, notably long-standing short-time working schemes.
2. Businesses should be encouraged to use furloughing as an alternative to redundancy and to adopt job retention as a long-term human resource management (HRM) practice. Good practice codes for furloughing should be developed by ACAS as part of existing codes around workforce restructuring and redundancy, so that furlough should be a consideration, alongside internal redeployment, when proposing redundancies. Similarly, the Chartered Institute of Personnel and Development should look to develop a guide for managers on the benefits that furloughing has to offer as a meaningful and productive practice of HRM. Guides and codes should also look to encourage and embed genuine workplace dialogue around furloughing and job retention. This would imply enhanced rights for employees to seek legal protections against dismissal and enhanced redundancy pay.
3. The government should look to introduce a post-Covid-19 employment recovery plan that not only includes support for education and training, but a comprehensive programme of support for workers made redundant as a direct result of the Covid-19 crisis. A recovery plan should be built on new social partnerships and should allow for a levelling up in labour standards.

## ANNEX 1: ORGANISATIONAL CHARACTERISTICS: REGION, SIZE, SECTOR AND INDUSTRY

Region	Frequency	%
North East	81	4
North West	239	12
Yorkshire and Humberside	162	8
East Midlands	129	7
West Midlands	139	7
East of England	133	7
London	455	23
South East	308	15
South West	119	6
Wales	81	4
Scotland	120	6
Northern Ireland	34	2

Size (number of staff)	Frequency	%
3-5 members of staff	221	11
6-9	166	8
10-29	307	15
30-49	172	9
50-99	224	11
100-249	301	15
250-499	150	8
500-999	135	7
1000-2499	147	7
>2500	177	9

Source: Leeds Survey of Job Retention; due to rounding, percentages may not total 100

Sector	Frequency	%
Private sector	1533	77
Public sector	282	14
Local government	80	4
Not for profit	95	5
Not specified	10	1

Industry	Frequency	%
Agriculture	15	1
Business services	136	7
Construction	148	7
Education	203	10
Hospitality and leisure	154	8
Financial services/ banking	119	6
Food and drink	55	3
Healthcare	155	8
IT/computing	197	10
Legal services	31	2
Marketing/ advertising/PR	23	1
Media	19	1
Manufacturing	170	9
Professional services	144	7
Real estate	46	2
Technology	36	2
Transport	67	3
Utilities	16	1
Wholesale, retail, franchising	136	7



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