

# Managing the business challenges of COVID-19: the voice of leading academics



*Leading academics in economics, management, and behavioural science, and leaders in major London businesses took part in a roundtable discussion in which they shared insights and ideas on how businesses can meet and adapt to the profound challenges presented by the COVID-19 pandemic. The event, hosted jointly by LSE and the Confederation of Business Industry (CBI), took place on 22 September 2020. The event was chaired by LSE's Professor Tony Travers, and CBI London South Regional Director Eddie Curzon. LSE's communications officer Will Brett Harding sums up the key academic insights.*

## **Esther Canónico: on the present and future of flexible working**

*Esther Canónico is an LSE Fellow in the department of management.*

Flexible working shouldn't necessarily impact productivity, particularly as it becomes more mainstream. The problem is that the current model we have of flexible working in the context of the coronavirus is a quick and dirty version of what working from home means – people were rushed into it and ultimately it may not be sustainable in this form in the long term.

This leads us to a couple of key questions: What does a sustainable model of homeworking look like? How can it be implemented in a way that maximises the benefits for both employer and employee?

There is a significant body of research showing the benefits of flexible working, however this is mostly drawn from research into voluntary flexible working – not the enforced flexible working as we are experiencing now. For individuals, the key benefits shown in this body of research are better work-life balance, increased organisational commitment and job satisfaction, and higher productivity. And for organisations: enhanced employee recruitment and retention; reduced stress, absence, tardiness, and turnover; improved employee satisfaction, engagement, commitment, and productivity; and cost savings (e.g., savings in office space).

That said, there is evidence that suggests flexible work can have drawbacks, particularly in terms of blurring of work/life boundaries; intensification of working effort and working times; professional isolation; and increased management / training costs to ameliorate these effects.

Moving forward, the key issues are how companies can:

- Cater for employees who don't want to work from home – and who therefore might find home working to be a negative experience for them?

- Benefit from the broadening of the talent pool that results from companies no longer being as tied to a physical space as much?
- Tackle issues of professional isolation – there is some research which suggests 2-3 days in an office is about right in terms of preventing this
- Overcome some of the barriers to flexible working: a lack of supportive organisational culture; problems of presenteeism the idea of an ‘ideal worker’; or lack of informal / co-worker / manager support
- Rearrange tasks to make them more independent and thus able to be done from home easily, or make the interdependence of tasks more explicit and well-understood

The priorities for implementing and managing flexible working practices should be:

- Setting jobs up so that they can be more independent, and therefore able to be done from home on a more individual basis
- Identify those that value independence and autonomy the most in their role, who will benefit most from working from home
- Create a supportive culture and management approach to working remotely; a good system of internal communications; and the training resources needed to support and encourage working from home

### **Eran Yashiv and Ron Milo: A strategy for a flexible return to the office**

*Eran Yashiv is a research fellow the Centre for Macroeconomics at LSE, and Ron Milo is a professor of systems biology, at the Weizmann Institute of Science.*

The COVID-19 pandemic and subsequent national lockdowns across many countries have presented a huge challenge to business activity, where this activity relies on being present in a physical location or present with others. To face this challenge we need more refined, adaptable, and flexible strategies, one of which is presented here. This strategy is a targeted policy, it is lockdown-based and it could help lead into longer-term changes to work around flexible working schedules.

The core idea involves a cyclical shift schedule of four days of onsite work and ten days of lockdown/offsite work. Developed by an interdisciplinary team of researchers in systems biology and economics, the proposal uses epidemiological and economic models, and can push transmission rates down by reducing people’s exposure time and exploiting the virus’s latent period. Crucially, this would provide for sustainable business activity and a measure of predictability.

The basic rationale of this work is to provide a middle route between continuously entering and exiting full lockdowns, and letting the virus run freely; while the world waits for a vaccine, countries need to balance health costs with economic ones.

A 4-10 cyclical work schedule helps to ‘cheat’ COVID-19 by using the disease’s own dynamics against it. There may still be very small spikes, but then under this plan people are isolating during the infectious period anyway, which would greatly reduce onward transmission.

Evidence shows that most infected people are non-infectious for the first three days after infection and are at peak infectiousness at days 4-7. Therefore, anyone infected during work days under this proposal would be at maximum infectiousness during their ten-day period of lockdown, when they would avoid infecting many others, and could continue to isolate as needed.

This approach also means that workforces can be split into teams working on alternate 4-10 cycles, allowing more people into the office over the same period, with a reduced density of people in the office (which also helps reducing transmission). This approach has already been adopted by a number of businesses, including in offices across multiple countries for major firms.

### **Grace Lordan: the role of behavioural science**

*Grace Lordan is an associate professor in the department of psychological and behavioural science at LSE, and is the founding director of [The Inclusion Initiative](#).*

Behavioural science can benefit your business in this time by helping you understand how people think, the impact of this on the quality and biases of decision-making, and also how the wider context affects how we make decisions and the 'speed' of thought we use.

We know from research that people have two modes of thinking, fast and slow, with the slower mode of thinking being characterised by deliberation, and the fast by intuition. Most of the time we are using our fast system of thinking, which is unconscious and automatic, and this brings with it lots of biases.

In a time of great uncertainty, and where there is no optimal strategy, but rather coping strategies, the costs and benefits of any strategies taken depends hugely on how people react to them. Data can help us make higher-quality decisions in times of uncertainty, and scenario-planning should focus on core risk factors, not go too broad.

Now is the time for inclusive decision making, and we need to have inclusive voices around the table in these choices being made, in particular because more inclusive decision making helps with assessing risk. This requires not just diverse demographics but a diversity of perspectives.

Leaders need to learn to listen, and to be open to experimentation in terms of finding the best approaches and strategies. There will inevitably be differences in terms of people's preferences for workplace policies – a key factor in getting as many people to buy in as possible is the messenger effect, with the mode of communication for new approaches being vital.

This is why digital inclusivity is particularly important now – the changes being made need to be context specific and in making the changes leaders need to be working inclusively with their teams, and learning more about their company culture than they did before.

It is likely that we will see people wanting to take more ownership over their careers going forward – with possibly more people moving towards contractual working.

### **Riccardo Crescenzi: how activities and innovation relate to space and proximity**

*Riccardo Crescenzi is a professor of economic geography in the department of geography and environment at LSE, and an associate at the Centre for International Development, Harvard Kennedy School of Government.*

COVID-19 has closed down old possibilities, but opened up new ones in how activities and innovation relate to space and proximity. My research has been looking at the experiences of firms in Italy in working from home and returning to work after lockdown, drawing on deep administrative data from the Italian regions.

Some initial insights from our findings:

- Italy is one of the most severely affected countries, with significant spatial dimensions, and different degrees of involvement.
- COVID-19 has triggered fairly unique opportunities for innovation in some sectors and technologies: ventilator challenges, vaccine development, the rapid transition to remote working etc.
- However this has happened as more traditional enablers of innovation have collapsed due to the pandemic: international integration is in retreat, innovation eco-systems are under pressure
- The share of workers in work from home vary hugely across the geography of Italy; in the North there is much higher working from home than in the South.

What role can work from home play in supporting innovation during this downturn?

- In Italy, data suggests that between 24-46% of jobs *could* be done remotely, however only 8% of workers worked from home during the lockdown
- This suggests that there is a big gap between what people think can be done from home and what actually is done from home; it also suggests that we have not fully transitioned to a real work-from-home environment – at least in the Italian context
- It seems that larger companies are the most advanced in this space, and smaller firms are further behind, or perhaps less able to do remote working due to the work requirements they face
- Sector is also very important; manufacturing for example cannot be done from home in the same way that professional services can be

- It is clear that firms and government will need to be careful about the return to the office, as if guidelines are not ready or consistent, it will have an impact on infection rates
- It's clear that the end of the office will not be universal, but it's likely that COVID-secure environments will be here to stay

For innovation, serendipity makes a difference – bumping into someone in the office/place of work. How and to what extent work from home can be a solution to keep a window of opportunity open for business in this area remains an open question.

In terms of cross country innovation and collaboration, the crisis has yielded some positive responses that show the flexibility of innovation in a technologically interconnected global economy. In developing a vaccine, for example, we have seen huge collaboration across countries.

Ultimately it seems that work from home has not worked for everyone in Italy. This is shown in the gaps between what could be done from home and what actually was done, and also in terms of the speed of return to a physical workplace being faster in some regions, sectors and firms.



Notes:

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