



Employers' use of furlough and job retention support in the UK during the COVID-19 pandemic

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Aims and Scope

- Draws from online survey of 2000 middle and senior managers in the UK, conducted during February and March 2021
- Aims to explore:
 - Employers' experiences and attitudes towards workforce furloughing
 - Level of engagement with the Coronavirus Job Retention Scheme
 - Wider patterns of workplace change, including investment in new technology
 - Expectations of future of work beyond the pandemic, including extent of workforce redundancies
- Central argument – widespread use of furlough and CJRS, with employers' generally favourably disposed to job retention. However, furloughing took place alongside wider restructuring, investment in new technology and workforce redundancy, with this likely to intensify once state support is removed

Background to job retention in UK

- By May 2020, 50 million jobs globally were supported by job retention schemes (see Scarpetta et al, 2021)
 - In many cases existing schemes (e.g. Kurzarbeit, Activite Partielle) were amended and extended. Though take-up far exceeds historical experience.
 - UK market regime of restructuring had no historical precedent of furloughing or state support for job retention (Stuart et al, 2021)
 - COVID-19 lockdown prompted novel UK state response via the Coronavirus Job Retention Scheme (CJRS) – remits 80% of wage up to £2500 per month.
 - Scheme revised numerous times, currently set to close at end of Sept 2021
 - Favourably evaluated in preventing huge increase in unemployment (OBR, 2021)
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Number of employments furloughed via CJRS (Millions)

FIGURE 1: NUMBER OF EMPLOYMENTS FURLOUGHED (MILLIONS)

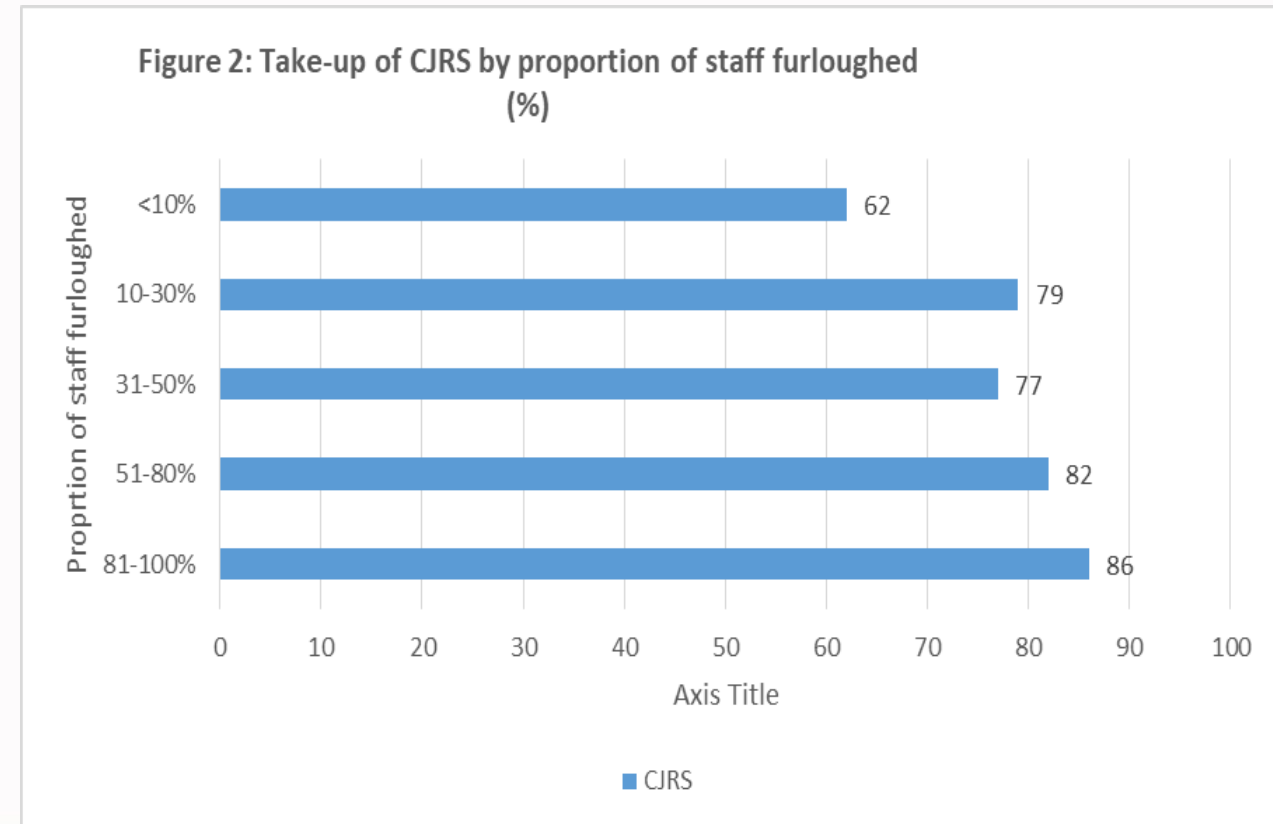
— Number of employments furloughed (Millions)



- CJRS used, in total, by 1.3 million employers to support 11.5 jobs over course of pandemic
- Financially largest support measure by UK government (circa £60bn)
- Extensive national level data on CJRS/ furloughing; analysis of furloughing from workers' perspective (Adams Prassl et al 2020), but little data from managers.

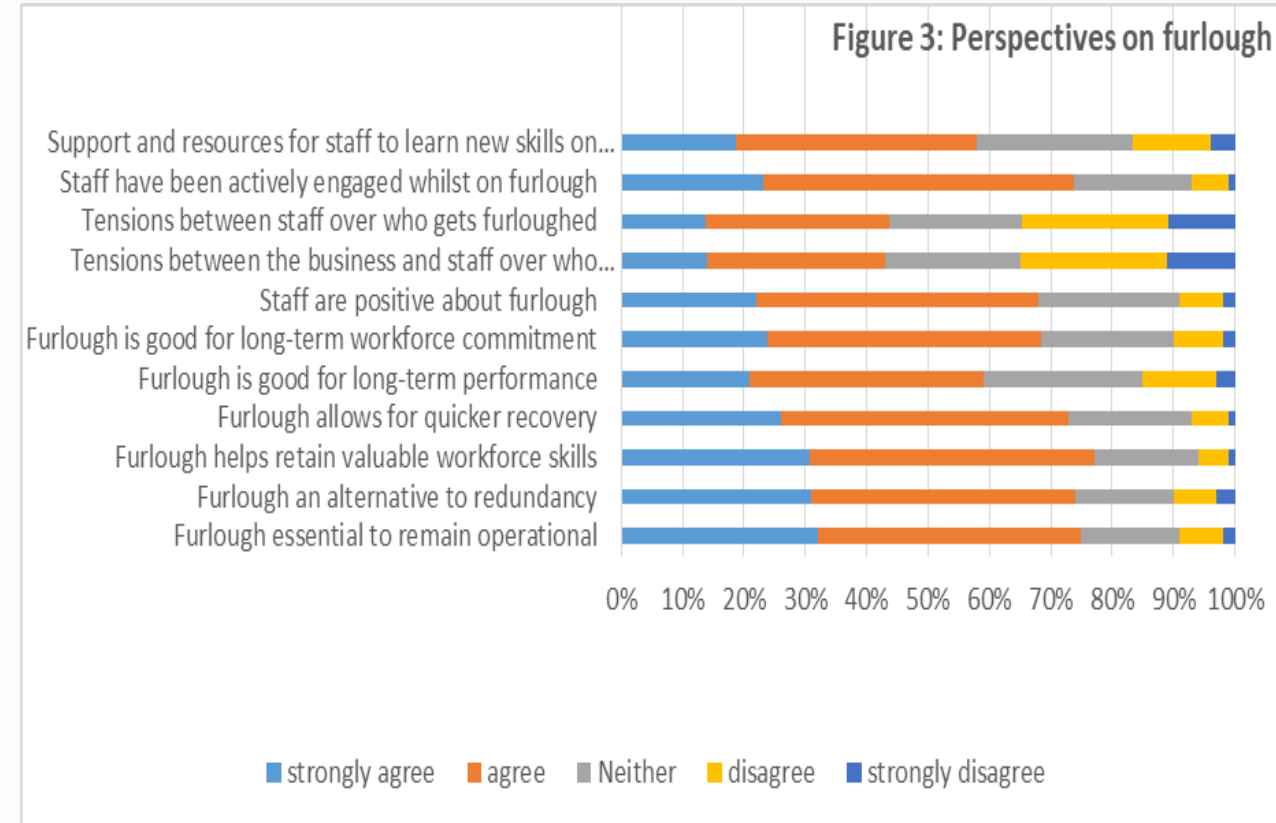
Furloughing and the CJRS at work: survey evidence

- 70% had furloughed workers at some point during the pandemic
- 80% of cases furloughing was a strategic management decision; agreement with unions 43% of cases; staff requested 57%
- 79% of furloughed workplaces used CJRS support, higher for larger proportions furloughed
- Full-time furlough(46%) more prevalent than flexible furlough (20%)
- 69% reported topping up CJRS
- 69% of non-CJRS furloughing due to self-funded scheme



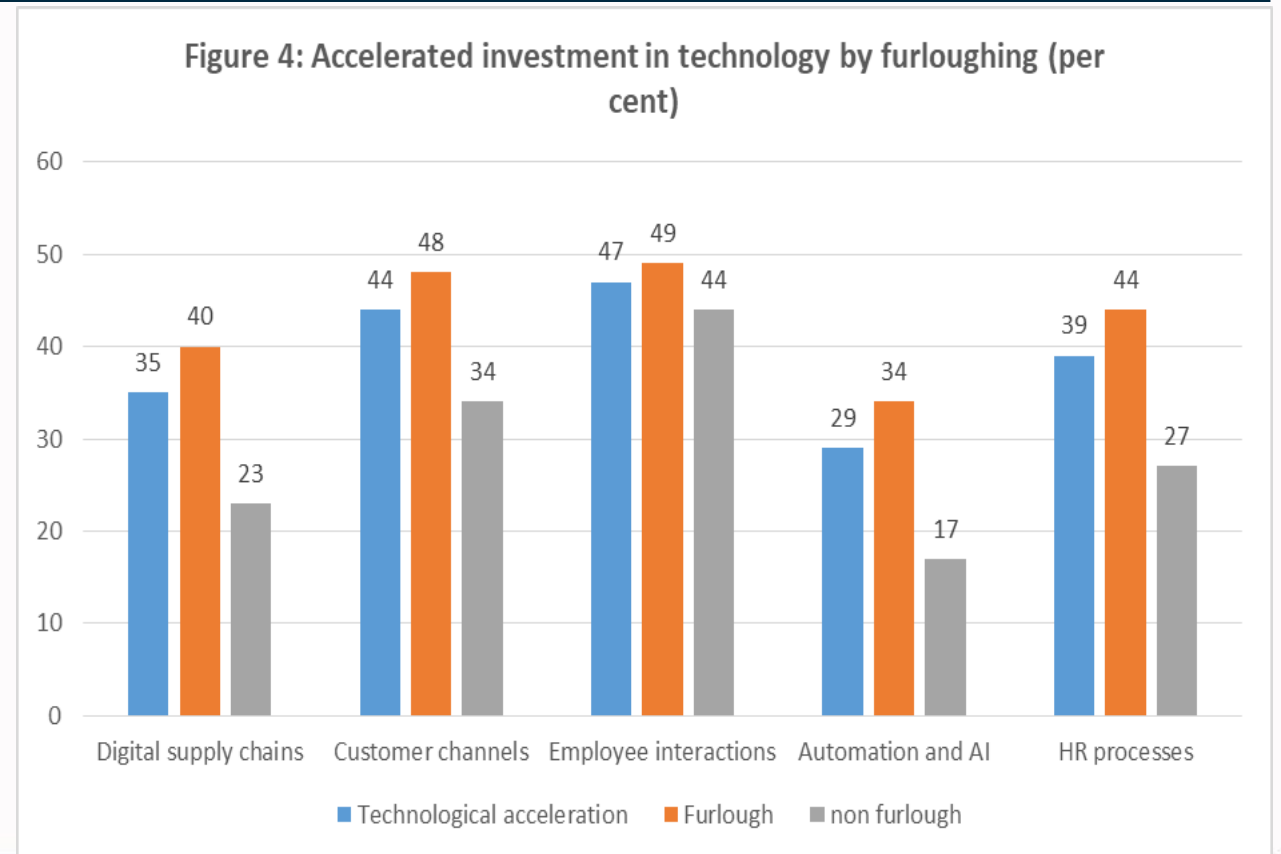
Perspectives of Furlough

- 75% saw CJRS as essential for viability
- **But**
- 45% saw CJRS as delaying inevitable redundancies
- 35% reported workers will need to take pay cut on return
- 50% will rethink job roles of furloughed
- 43% state that staff will have to be made redundant



Accelerated investment in new technology

- Ongoing debate about extent of digital acceleration during COVID-19
- Some evidence to support acceleration and this was reported to be higher by managers in furloughed workplaces
- Also association with investment during pandemic and likelihood of increased investment in aftermath (57% reported will be increased investment)



Moving beyond the pandemic

- Anticipated changes to working practices
- **34% reported will need to make some redundancies**
- Preliminary multivariate analysis suggests
 - Relationship between furloughing and CJRS and expected post-Covid-19 redundancies
 - Relationships between accelerated technological investment (combined measure) and specific technologies and expected post-COVID-19 redundancies

Anticipated changes to working practices post-COVID-19	Increase	No change	Decrease
Emphasis on health and safety at workplace	59	37	5
More collaborative working between management and staff	56	40	4
Proportion of staff working remotely part of week	54	38	8
Employee demands for flexible forms of working	54	41	5
Proportion of staff working remotely all 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

Conclusions

- Furloughing and CJRS novel, but temporary, initiative in UK
 - CJRS has, as intended, prevented significant increase in unemployment
 - But situation is fragile. Redundancy and restructuring has taken place in furloughing workplaces and this will intensify post pandemic.
 - Removal of CJRS likely to lead to increased redundancies
 - Policy makers should learn lessons from experiment with CJRS and consider long-term initiatives that support job retention.
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