

Move the work or move the people?

Richard Pearson

Pressures on the crowded and expensive south-east corner of England are leading to 'satellite offices' and long-distance commuting. Many companies see relocation as the only answer.

DESPITE a fast-growing economy, great regional disparities remain in the United Kingdom. In many of the inner cities and towns in the North, unemployment remains stubbornly high, often reaching levels in excess of 15 per cent. Yet in many parts of the South-East, registered unemployment has fallen to under 5 per cent and skill shortages are growing worse. In an effort to alleviate the worst effects of these shortages employers are now looking to recruit from farther afield, in some cases extending their catchment areas by a few miles, in others encouraging long-distance commuting from several hundred miles away. Others are setting up remote networking centres while others are relocating in order to find the staff they need.

A recent study of the South-East has shown the different stages of distance recruitment clearly¹. The sizes of the individual local catchment areas vary greatly, increasing with the seniority of the appointment, the nearness to the centre of London, and to a lesser extent transport links. The better the links the greater the distances people are prepared to travel.

Perks?

The first response of employers to shortages is to consider applications from beyond the usual spatial area. This usually involves advertising in the local media, and is a fast, easy, low-cost option. Companies are often reluctant to make even this simple move, fearing poor time keeping and increased absenteeism as a result of long-distance travel. In London, 64 per cent of the professional staff surveyed spend more than an hour travelling to work, compared to 7 per cent in the rest of the South-East and even fewer in some other parts of the country (see table). Towns such as Bristol, Coventry, Doncaster and Ipswich, are now joining the South-Coast resorts such as Brighton and Eastbourne as regular commuter towns for London. Surprisingly, outside of the construction industry, few firms offer improved financial or other assistance with commuting costs such as season ticket loans or car purchase schemes. These are still seen as perks rather than as recruitment aids.

The next step for recruiters is rather bigger and involves advertising in more distant labour markets. Here, a major problem is choosing which labour market might be appropriate, the main indicators used being the prevailing level of local unemployment, local employment struc-

ture and reports of redundancies in firms similar to their own. Firms with branch networks, however, are able to use them as information sources and recruitment agents, and also encourage staff transfers into the South-East. High-tech firms tend to use consultants.

House prices

There remains, however, a growing reluctance on the part of individuals to move into London and the South-East, with regional house price differentials being a major barrier². In contrast with their reluctance to improve the assistance for longer distance commuting, most firms surveyed are improving their relocation package, although only a minority are investing in sheltered housing, and assisting in property disposal and search, property leasing schemes and joint equity schemes. The numbers of staff benefiting from the latter are small. For most companies the response is financial, providing reimbursement for the costs involved in the move as well as for higher costs in the new area, and supplements to compensate for the disruption. Few companies have detailed knowledge of the real costs involved, but their estimates of expenditure were in the range £5,000-£10,000 with a tax exemption

opportunities. About half of them were employed on temporary or short-term contracts, few were allowed to adjust their working patterns to fit in with their travel arrangements. The extra costs of this travelling tend to fall on the individual, with little subsidy or inducement coming from the employers³.

Another variation on long-distance working that is now being pioneered in the United Kingdom is that of network information technology centres in inner cities, remotely serving customers in the South-East. Recruitment to these centres is likely to be from local training schemes and it is intended that the centres will not only be commercially viable, but will also provide valuable work experience and further training to those who would be otherwise employed, and boost the skills profile of the local community. The technology is already proven, the key is to attract the customers. In the United States a number of companies now send all their low-level data processing work via satellites to centres in the Caribbean where wage rates are way below those of the United States — in some cases below even the cost of office rental in North America.

An increasing number of employers, including central government, are also

Travel-to-work times in selected regions

Journey time	London	South-East	North	Wales
0-29 min	7%	62%	57%	72%
30-59 min	29%	30%	36%	26%
60+ min	64%	7%	7%	2%

Data from ref. 1

limit of £8,000 last year. (Tax exemption is now being increased to £17,200.)

Although many of the available jobs are in the South-East, financial, housing and social reasons often mitigate against a move to the region. Now there is a growing class of professional long-distance commuters, with as many as 10,000 people regularly travelling from the North to work in London and the South-East. Interviews with a small sample of these commuters show that many are middle managers continuing in jobs or careers that they had had earlier in their lives, but that they are now earning far higher salaries than they were previously and demand high levels of job satisfaction. A major motivation for many 'long-distance commuters' interviewed was a history of redundancy, not that of long-term unemployment, and the lack of local job

moving the whole workplace and setting up offices outside the South-East to capitalize on their property assets, at the same time alleviating skill shortages. With labour supply and working conditions unlikely to improve in the South East in the foreseeable future, relocation of the work, whether in terms of the whole office or just part of the workload via telecoms links, looks like a more effective long-term solution than trying to attract more people to travel or move to the work. □

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1. *Relocation and Recruitment Difficulties of Employers in the South East* (Institute of Manpower Studies, 1988).
2. *Nature* **332**, 98 (1988).
3. *Britain's New Industrial Gypsies* (Policy Studies Institute, 1989).