THE REALITIES OF THE
NEW WORKING ENVIRONMENT

crf

CORPORATE RESEARCH FORUM

Sponsored by:

Bird & Bird

bts
Strategy made personal

Mercer

THE REALITIES OF THE
NEW WORKING ENVIRONMENT

Gillian Pillans, Carmen von Rohr and John Whelan

CONTENTS

COMMENTARY

Bird & Bird

As highlighted in this report, many aspects of the new working environment are still evolving. However, what is resoundingly clear is that the expectations of employees as to where, when and how they work have changed dramatically since the start of the pandemic. There has been a fundamental transformation in the way we work and as the report concludes remote and hybrid working patterns are here to stay.

For most employers, flexible working is now a critical tool for attracting and retaining key talent, even as the future impact on workplace culture, productivity and innovation is yet to be fully evaluated. As we emerge from the pandemic, many businesses have already implemented more structured and longer-term flexible working policies. You can find our comprehensive cross-border guide to the future of remote work here but below we briefly signpost some of the key legal considerations that may rise from these new ways of working.

Business protection

With more and more employees now working remotely or otherwise between home and the office, the risk of employees (whether intentionally or otherwise) acting in breach of their duty to protect their employer's confidential information and trade secrets has increased. Employers should take proactive steps to audit their existing employment contracts and policies to ensure that these reflect the realities of remote and hybrid work. It is also important for businesses to revisit their onboarding and offboarding procedures to ensure that these comprehensively address the ways in which company information is now being shared and stored by employees in practice. For more detail on this topic, please refer to our article, *Business Protection in a Covid-impacted World*, which looks at the changing workplace environment, key areas of protection and practical steps for employers to guard their key business interests.

Performance management

As the report highlights, one of the key challenges faced by businesses that have implemented flexible working policies is how best to manage and supervise employees that are working away from the office. Employers may need to consider adjusting existing KPIs and appraisal objectives to place a greater emphasis on results-based achievement going forward, since day-to-day activities and work levels are likely to be much less visible to line managers when employees are working remotely. In order to mitigate the risk of future employment claims, employers should clearly communicate to their staff how their performance is being measured while they are at home and against what specific metrics.

Employee misconduct

Employee misconduct has also taken on a new face in the virtual work environment. During the pandemic, the rapid digitalisation of the workplace saw the introduction of multiple informal channels of communication which has led to a sharp rise in employee complaints relating to workplace harassment and bullying online (see further information in our previous report on *Sexual Harassment in the Workplace*). Employers should review their disciplinary and grievance procedures and consider carefully whether they may need to be updated to reflect the practicalities of the ways in which employees are now interacting and communicating with each other.

Equality of treatment

For employers that have introduced hybrid working models, it is important to closely monitor any divergence in treatment between employees that come into the office and those that choose to work from home. New research suggests that women and those with caring responsibilities may be disadvantaged by hybrid and remote working models as they are statistically the least likely to attend the office and benefit from 'leadership proximity bias' which results in leaders unconsciously favouring those they see in person. This might include access to opportunities, workload allocation, promotion prospects, bonuses or any other aspects of employee working arrangements.

Employers should be mindful of the risk of claims for indirect discrimination when treating employees working remotely differently to those based in the office. Where discrepancies do arise, it may become necessary for organisations to standardise certain processes and procedures that they have until now been able to undertake relatively informally at the office.

Mental health and wellbeing

While employees now spend less time commuting to the office, freeing up extra time in their days to spend with family, the flipside is that employees are finding it harder than ever to switch off, with their work inboxes always just within reach. The increased reliance on digital technologies in the workplace has strengthened the 'always on' culture and has further blurred work-life boundaries. Poorly managed homeworking arrangements can contribute to hidden overtime and working time issues, as well as mental health and wellbeing concerns. As employers transition to more permanent flexible working arrangements, they should ensure that they audit such arrangements regularly to ensure compliance with legal requirements relating to working time (including rights to annual leave and rest breaks) and comply with their health and safety obligations towards employees by establishing boundaries and routines that reduce the risk of burn-out, work-related stress and excessive overtime.

For our further resources and insights about the legal implications of the new working environment, please visit our *Workforce of the Future* series webpage.

Furat Ashraf, Senior Associate, Bird & Bird LLP

COMMENTARY

The abrupt move to remote work and the cascading changes, challenges and even opportunities that came shortly after businesses shuttered their doors and overnight became virtual have had a well-documented impact on workplace culture. The 'Great Resignation' that is now sweeping across all corners of the workforce is the biggest indicator of change, and while this is an empowering movement for many employees, it is systematically upending plans for growth and even survival for companies in many industries. Leadership teams are becoming laser focused on employee engagement and turnover, on retention and development, on inclusion and collaboration, as they seek to navigate a hybrid operating model, maintain business continuity, and deliver on growth agendas.

While many businesses have successfully transitioned to operate with an online distributed workforce, we're becoming increasingly aware of emergent struggles in creating a culture that fosters well-being, belonging, meaning, and building human connection in the workplace. The 'Great Rethink' is in large part about creating empowering cultures that attract, nurture and retain talent, where businesses can then successfully execute growth strategies through their people.

The new reality of work is in the midst of transition – there are tensions between employers wanting people back in the office versus employees wanting flexibility, having gained an appreciation of the value of working from home. Given the shift to hybrid working, those in positions of people leadership have most visibility and impact on employees and choices. In the face of rapid, disruptive change, businesses are realising that people leaders can't be expected to have all the answers and there's an increasing urgency for leaders to create the conditions for success rather than purely as deliverer of that success. Many organisations are progressively moving toward a coaching culture as a vehicle to create the empowering culture of tomorrow. People leaders facilitate problem solving, listen and co-create, and encourage employees' development by offering care, support, questioning, challenge and guidance in

the flow of work rather than giving orders and making judgements. When done well coaching becomes the everyday habit and part of the fabric of the employee experience – and in a hybrid world it's even more important as the opportunity for serendipitous connection is understandably less. The ability to connect with another person's physical and emotional state is one of the most elusive interpersonal skills to develop and practise. This style of coaching is for the everyday and offers a vehicle for emotional engagement, empowerment, meaningful connection, development, and support which leads to greater impact and performance, individually and collectively. Research has repeatedly found that individuals who experience great coaching are viewed as significantly more effective and tend to be more satisfied in their jobs. However, to be truly effective and drive organisational level outcomes, coaching must be in service of a strategy and connected to values, leader models, and talent processes. The rise of organisational coaching – largely emergent as a result of agile transformations – in addition to coaching at an individual, team, or group level – will increasingly see people leaders focus their efforts far more on the interdependencies between teams. The ultimate aim – to ensure that all parts of a business are performing at similar levels, by taking a holistic coaching approach that looks at how best to strengthen relationships and partnerships to benefit the entire organisational culture and accelerate outcomes. It's work that all people leaders should engage in with all their people all the time, in ways that help define the organisational culture and which advances the execution of strategy.

As the coaching industry and how we embed coaching cultures in organisations continues to evolve, perhaps going through its own 'Rethink', under the influence of the new realities of work – one that is increasingly digital, agile, and transformed for the post-pandemic world – our research from over 100,000 coaching conversations seems more relevant than ever.

James Blaker, Vice President, BTS Group AB

COMMENTARY

Mercer

The pandemic's impact on the future of work has been profound. Yes, digitalisation and automation rapidly accelerated – Satya Nadella, CEO of Microsoft, famously said that two years of digitalisation progress was achieved in two months. Most of these technology plays, however, were already in the strategic pipeline. What changed was the speed of deployment. Thus, the bullseye of the pandemic's weighty impact centres, not on tech alone, but rather on relationships and relevance. How do organisations relate to their people, how do people relate to their jobs and how do we create new ways of operating that build relevance for all stakeholders?

Organisations face two main relationship and relevance challenges in the post-pandemic working environment. First, how to *redesign work* to enable talent to flow to it as seamlessly as possible while enabling its perpetual reinvention and, secondly, how to *re-envision the talent experience* to meet all talent where they are and on their own terms. In my recent book, *Work without Jobs*, co-authored with John Boudreau, we argue that the answers to those challenges lie in implementing a new work operating system. To launch a new work operating system, we build on our newly learned agility around all things digital to rapidly decouple work from its traditional confines of space (the 'office'), time (the 'punch clock'), and structure (the 'job').

One way progressive companies are redesigning work and re-envisioning the employee experience is by applying artificial intelligence (AI) to develop talent marketplaces. The combination of technology and relatability, in fact, has led to an exponential acceleration of advances in the world of work. Consider that companies who say their workforce is energised are 1.5 times more likely to use AI to determine the changing demand and value of skills and 1.6 times more likely to say they have analytics on which reskilling initiatives have led to career progression, according to Mercer's recently released *2022 Global Talent Trends*.

Key to these findings is the idea of 'energised.' We don't need data to tell us that the pandemic has worn out everyone from the c-suite to the factory floor. That being said, 89% of respondents in this year's *Global Talent Trends* reported being exhausted. And 94% of HR has concerns about meeting the business' transformation agenda, citing that exhaustion as the number one reason. Harnessing remaining collective energy and boosting energy has become an imperative to meeting business goals. In other words, the people agenda is the business agenda.

High-growth companies don't just recognise this reality, they act on it by creating a new work operating system with the tools of technology and the values of relationships. When we uncouple work from its traditional constraints, we create more human-centric systems that, at their core, are fairer and more equitable; more in tune with individual needs that ensure the continued relevance of people and the long-term resilience of the organisation itself. Ultimately, what we are witnessing in real time is more than post-pandemic profoundness – it is the democratisation of work itself.

Ravin Jesuthasan, CFA, FRSA, Senior Partner and Global Leader for Transformation Services, Mercer

THE REALITIES OF THE
NEW WORKING ENVIRONMENT

EXECUTIVE SUMMARY

▶ The pandemic signalled some of the most profound and far-reaching changes to working practices we have ever known. As it recedes, organisations have the opportunity to evaluate changes made to ways of working during the pandemic, and to make deliberate choices about what practices to retain, adapt, or discard for the future. Have working practices changed for good? Or will we see a gradual return to the way things were? We find many organisations are taking a middle path, keeping some practices while discarding others. A few organisations are keeping – or discarding – everything, and others are taking a cautious, 'wait and see' approach.

▶ While the situation remains in flux, taking a moderately paced, flexible, principles-based, data-informed, and experimental approach to defining future working practices is likely to lead to optimal outcomes. Transparent communication, listening to employees, and being open to re-evaluation will help organisations and their people to more comfortably and effectively navigate this transition period.

▶ Remote working has been accepted, and is here to stay. While we can expect some return to office-based working, few organisations are likely to return to pre-pandemic levels. However, the precise balance between home and office days, the locations from which people work, and the degree of personal choice employees will have with respect to hours and days are all still in flux. The consequences of mass remote working and permanent flexibility have not yet fully revealed themselves. Organisations will need to systematically assess impacts on outcomes such as productivity, innovation, customer service, learning, wellbeing, and retention, while also surfacing any unintended consequences of the new ways of working.

The pandemic saw a shift away from prescriptive policies towards looser, principles-based guidelines implemented at line managers' discretion. As we move toward post-pandemic working, this may be a change in practice that remains. However, there are risks in proceeding down this path. Do managers have the capability to effectively interpret and manage guidance? Is guidance being applied consistently and fairly? Guidance should be clear and easy to understand; HR should provide managers appropriate support to build their skills in applying it, and monitor and address issues and risks as they arise.

The role of line managers and leaders is, as always, key. Managers need to understand that their personal choice around working arrangements is only part of the story. They have a responsibility to their teams who may have a need for more personal interaction or face-to-face coaching to support their performance and development. Managers need to flex their own preferred patterns to accommodate this. Leaders will need to role model expected behaviours and set an example for their teams to follow. HR will need to support managers and leaders to make decisions in the best interests of their teams rather than on a personal basis, and be prepared to intervene where managers are not acting responsibly.

Technology became a key enabler of new working practices during the pandemic. Technological solutions improved over the course of the pandemic, but people's skills to use the new technology have not kept pace. Organisations are still working out technology-enabled hybrid working rules (for example, how to conduct hybrid meetings), and there is work to be done to bring people up to speed with new norms.

Employees are more reluctant than employers to return to the office. To attract people back, employers are adopting strategies including articulating a compelling purpose for being in the office, making the physical working environment attractive and fit for purpose, communicating skilfully, and using incentives. Organisations should try to understand and articulate where there is a premium for personal interaction and let that drive decisions on location of work, while also being attentive to the needs of different groups.

Returning to the office requires people to make a psychological transition; organisations will benefit from treating the return as a change management scenario. Involve people in designing the organisation's future ways of working and use practical tools to support behaviour change in your context, such as role modelling, defaults, or fresh starts. Remember that people have spent more than two years developing new habits; the behaviour changes required now will require significant emotional and practical support for many people.

Employers are concerned about fairness between employee groups who can work remotely and those whose work requires them to be onsite. Organisations are finding creative ways of listening to employee views and are adapting their employee value propositions to meet the needs of different workforce groups. But fairness is an emotive issue, and one that organisations will need to constantly keep in focus.

Organisations rightly placed employee wellbeing and business continuity at the forefront during the pandemic. As future working practices take shape, it will be essential to renew focus on business growth, innovation and serving customers effectively and to make sure the needs of customers, employees and other key business stakeholders are balanced. We are still some way from understanding the longer-term consequences of choices around people practices made over the last two years.

1.0
INTRODUCTION

On 31 December 2019, when the World Health Organisation (WHO) was first informed of a cluster of cases of pneumonia of unknown cause detected in Wuhan City, China, who would have guessed this would result in one of the greatest pandemics the world has known, reaching into every corner of the planet? Not only did the pandemic instigate a global health crisis, it also led to major economic and operational disruption across the globe as entire economies shut down and companies were forced to operate in wide-ranging and lengthy lockdowns. The pandemic compressed several years' worth of change to working practices into a matter of months.

Now, as the 'new world of work' moves from being a future issue to being the present for businesses, we have an opportunity to take stock of how organisations and HR functions responded to the crisis, how that is driving working practices longer-term, the choices organisations are faced with as the pandemic recedes, and what questions remain to be resolved.

Underpinning this work is the reflection that, in the early stages of the pandemic, employers had few choices. They had to observe lockdowns and obey stay-at-home orders. They had to reconfigure supply chains. They had to choose whether to furlough employees. The ways of working that were adopted in short order in spring 2020 were born of necessity. Now the pandemic is drawing to a close, we have the opportunity to evaluate what happened and the outcomes achieved, and to make deliberate choices around which elements to retain for the future, which to discard and which to adapt for the emerging reality of work.

In this report we reflect on the following:

- The pandemic has shown that, for many roles, remote or hybrid working is feasible and can be achieved apparently without impacting productivity. Assumptions that working from home equated to 'shirking' have been largely overturned. New norms have been set and, while we can expect some return to office-based working in the near future, we are unlikely to see a return to previous levels. Hybrid working is here to stay.

- While there is a perception that remote and hybrid working does not harm – and can even boost – productivity, this has not yet been systematically demonstrated in practice. The longer-term consequences of remote working in terms of performance, productivity, collaboration, learning, organisation culture and innovation have yet to be evaluated.

- Remote and hybrid working have forced employers to be much more flexible in their approach to people policies. We see this in numerous ways. For example, a shift away from prescriptive policies towards looser, principles-based guidelines implemented at line managers' discretion. Similarly, an increase in location-agnostic contracts which allow employees to live at much greater distances from their place of work, including in different jurisdictions.

- The pandemic has led to a major shift in people practices towards people-centric policies, in particular with regard to employee health and wellbeing. People have had a higher degree of personal choice than hitherto about where and how they work. However, we question whether we are seeing the beginnings of a pendulum swing back towards the employer being in the driving seat. As attention rebalances away from being predominantly about wellbeing towards customers, productivity and growth, we expect to see some resetting of expectations.

- One of the biggest workforce transformations we have seen through the pandemic is the impact of technology in enabling new working practices. This has been extremely effective in maintaining business continuity in times of crisis and is leading to new skills, working behaviours and leadership capabilities.

- Fairness between employee groups who can work remotely and those whose work requires them to be onsite is an issue of concern to many employers, who are having to find creative ways of listening to employee views and adapt their employee value propositions to meet the needs of different workforce groups.

This report is not designed to be a comprehensive recap of everything that happened during the pandemic. Rather, it is an assessment of where we are two years on, and the choices we have going forward. We recognise that organisations are still in a state of flux, with many practices still bedding in and many issues still unresolved. Our intention is that this report provides a framework for thinking through where your organisation is today and where it needs to go next in terms of evolving its post-pandemic people practices.

RESEARCH METHOD:

This report is based on the following data sources.

- Interviews with 14 practitioners, experts and academics. We list the interviewees in the Appendix.

- An online CRF survey, completed by 94 respondents in February/March 2022. Respondents were predominantly Heads of HR specialist functions, HR functional specialists and HR business partners. They represented a broad spread of industry sectors, with financial services comprising 22% of respondents and retail and consumer businesses comprising 16%. 48% worked for organisations with 10,000 employees or more; an additional 16% worked for organisations with more than 5,000 employees. 74% were based in the UK, 12% in Europe, and the remainder across the rest of the world.

- A review of relevant academic and practitioner literature. See the References and Reading List in the Appendix.

KEY CONCEPTS

In the discussion around new ways of working, many different terms are used, sometimes interchangeably. In this report, we use the following key concepts and associated definitions.

- **Flexible working** – employees have flexible start and finish times and can work from home as needed.

- **Hybrid working** – a type of flexible working where an employee splits their time between home and the workplace.

- **Remote working/homeworking/work from home** – a type of flexible working where an employee works from a remote location outside of corporate offices.
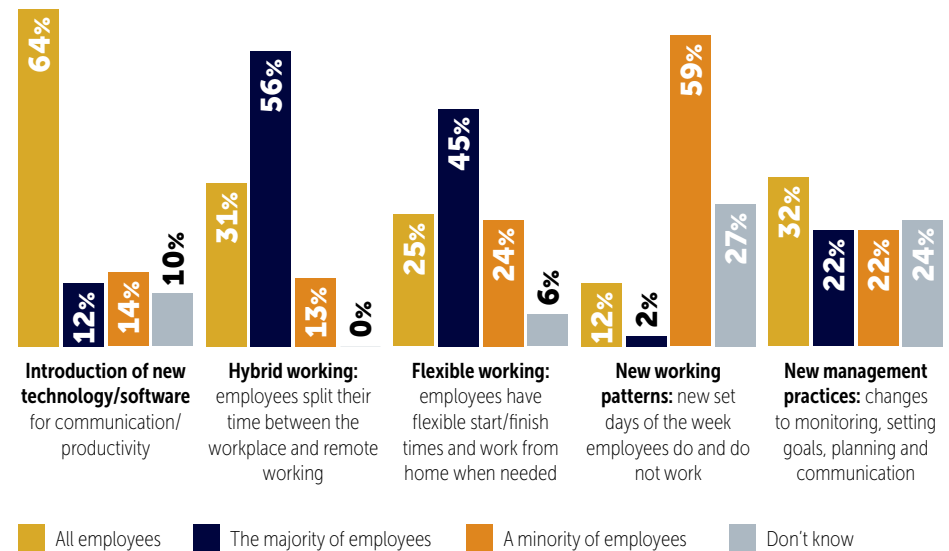
2.0
THE NEW REALITIES – WHERE ARE WE NOW?

In this section we take stock, two years from the onset of the pandemic, of how work and the workplace have evolved. What have we learned so far about how to manage remote and hybrid working? What has become settled practice for most organisations? What is the impact on key measures such as productivity, innovation and culture? And how are organisations equipping leaders, employees and HR to be effective in the new environment?

EMERGING NEW WORKING NORMS

Our survey data suggest flexible and more specifically hybrid flexible working have become the norm since the start of the pandemic. Over half of respondents (56%) have adopted hybrid working for the majority of their employees, and a further 31% have adopted hybrid working for all employees. The adoption of flexible working – where employees have flexible start and finish times and can work from home as needed – is less common, with a quarter (25%) offering this to all employees and 45% offering it to the majority of employees. See Figure 1 below.

FIGURE 1

Which of the following have become new working norms at your organisation since the pandemic?

	Introduction of new technology/software for communication/ productivity	Hybrid working: employees split their time between the workplace and remote working	Flexible working: employees have flexible start/finish times and work from home when needed	New working patterns: new set days of the week employees do and do not work	New management practices: changes to monitoring, setting goals, planning and communication
All employees	64%	31%	25%	12%	32%
The majority of employees	12%	56%	45%	2%	22%
A minority of employees	14%	13%	24%	59%	22%
Don't know	10%	0%	6%	27%	24%

Source: CRF New Realities Member Survey 2022

In a systematic review of whether, how and why homeworking is likely to stick post-pandemic, Nicholas Bloom and colleagues at Stanford University concluded that, after the pandemic in the US, around 22% of working days will be supplied from home compared with 5% pre-pandemic. Their research attributes this shift to five factors: better-than-expected experience of working from home, including workers reporting higher productivity; investments in making homeworking a success (the average worker invested over 14 hours and $600 in equipment and infrastructure to facilitate homeworking); reducing the stigma of homeworking (which is no longer seen as 'shirking from home'); a reluctance to return to pre-pandemic ways of working, and innovations that support working from home.

What forms of hybrid working have been the most widely adopted? Our survey suggests that 2-3 days per week in the office has become the most common practice. 70% of respondents report that, for those employees who can work remotely, 2-3 days per week in the office is the typical working pattern. Only 4% report a return to full-time office working. Reflecting the challenges companies are facing persuading people to return to working in the office (discussed in more detail in Section 4), a quarter (26%) of organisations appear to have settled for employees attending the office only 1 day per week.
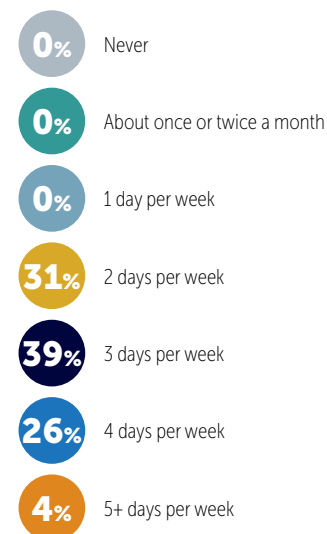
There are notable exceptions. For example, Neil Morrison, Group HR Director at water company Severn Trent, reported that his business has now resumed pre-pandemic 'normal' working patterns and office attendance. The leadership of this organisation is very clear that they are a location-based, regional business and 60% of their staff are frontline key workers, required to work onsite or at customers' premises. Therefore, support staff should be at their desks and ready to support the operation. This view is an outlier in our study, but demonstrates the need for working practices to support business values and strategy, and is echoed to a lesser extent by interviewees who work in industrial, retail or service sectors.

> *"We asked our people for two areas that they thought were positive about our response to the pandemic; flexible working was number one for around 95% of staff. This is when we realised that we couldn't go back to pre-pandemic working practices."*
>
> **GEOFF LLOYD, CHIEF HUMAN RESOURCES OFFICER, MEGGITT**

FIGURE 2

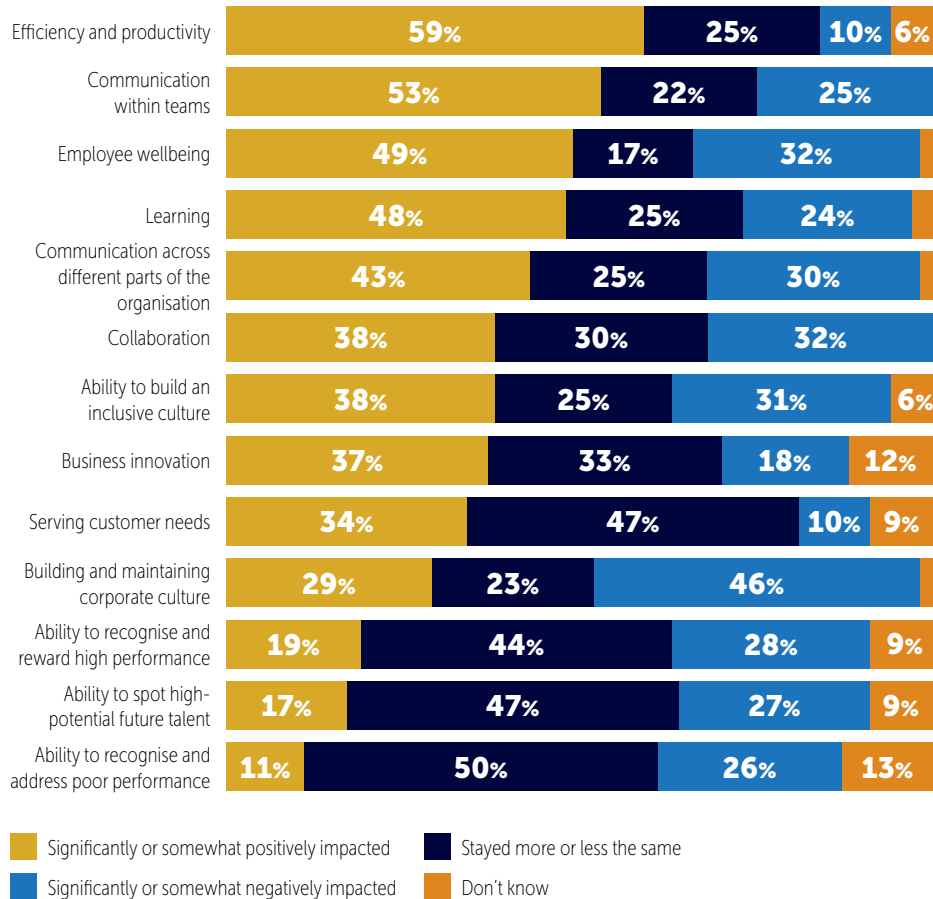**In 2022 (after the pandemic), for those employees who can work remotely, on average how often is the organisation now working from home?**

- **0%** Never
- **0%** About once or twice a month
- **0%** 1 day per week
- **31%** 2 days per week
- **39%** 3 days per week
- **26%** 4 days per week
- **4%** 5+ days per week

Source: CRF New Realities Member Survey 2022

FIGURE 3

To what degree have the working practices you have adopted impacted your organisation in each of the following areas?

Area	Significantly or somewhat positively impacted	Stayed more or less the same	Significantly or somewhat negatively impacted	Don't know
Efficiency and productivity	59%	25%	10%	6%
Communication within teams	53%	22%	25%	
Employee wellbeing	49%	17%	32%	
Learning	48%	25%	24%	
Communication across different parts of the organisation	43%	25%	30%	
Collaboration	38%	30%	32%	
Ability to build an inclusive culture	38%	25%	31%	6%
Business innovation	37%	33%	18%	12%
Serving customer needs	34%	47%	10%	9%
Building and maintaining corporate culture	29%	23%	46%	
Ability to recognise and reward high performance	19%	44%	28%	9%
Ability to spot high-potential future talent	17%	47%	27%	9%
Ability to recognise and address poor performance	11%	50%	26%	13%

Legend:
- ■ Significantly or somewhat positively impacted
- ■ Stayed more or less the same
- ■ Significantly or somewhat negatively impacted
- ■ Don't know

Source: CRF New Realities Member Survey 2022

> *"The pandemic has proved that working remotely can be a real enabler for change, and has allowed us to employ a wider and more diverse range of staff."*

RESPONDENT TO CRF MEMBER SURVEY

IMPACT OF NEW WORKING PRACTICES

How do CRF members view the impact of new working practices on critical success factors such as efficiency, performance, innovation, culture and communication? Our survey results suggest companies view new working practices as broadly positive in terms of efficiency, productivity, employee wellbeing and communication within teams, but have concerns regarding their effects on building and maintaining corporate culture, innovation, serving customer needs and managing performance. See Figure 3.

When asked specifically about the impact of hybrid working on productivity, most respondents report their organisation is 'significantly' (19%) or 'somewhat' (35%) more productive, with 31% saying productivity remains more or less the same as before. Only a small minority (8%) report a productivity decrease. However, we note that this is self-assessed; as yet, there appears to be little evidence of systematic measurement of productivity gains.

How have attitudes towards remote and hybrid working changed over the course of the pandemic? Our data show that employers' attitudes to the new working practices are more positive today than they were in the early stages of the pandemic. 57% report their organisation's attitude is 'somewhat' more positive and 31% report their organisation's attitude to be 'significantly' more positive.

However, digging deeper, we find employees appear to be more enthusiastic about working from home than their leaders. 60% report that employees' perceptions of working from home are 'significantly' more positive compared with 34% for leaders. Similarly, research by McKinsey & Company found: *"Employers are ready to get back to significant in-person presence. Employees aren't. The disconnect is deeper than most employers believe, and a spike in attrition and disengagement may be imminent."*

As we explore throughout this report, this is likely to be a significant issue as we move forward. Generally speaking, while employers are keen to encourage employees to return to the office for at least some of the working week, employees are more reluctant. See Figures 4 and 5 on the following page.
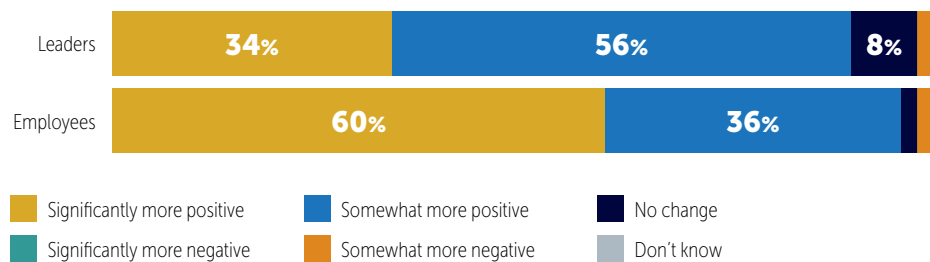
FIGURE 4

How has your organisation's overall attitude to these work practices changed from the early stages of the pandemic (mid-2020) to post-Covid (in 2022)?

31% Become significantly more positive

57% Become somewhat more positive

6% Stayed more or less the same

6% Become somewhat more negative

0% Become significantly more negative

0% Don't know

Source: CRF New Realities Member Survey 2022

FIGURE 5

After the pandemic, in 2022, how have perceptions about working from home changed within your organisation among:

	Significantly more positive	Somewhat more positive	No change
Leaders	34%	56%	8%
Employees	60%	36%	

- Significantly more positive
- Significantly more negative
- Somewhat more positive
- Somewhat more negative
- No change
- Don't know

Source: CRF New Realities Member Survey 2022

BARRIERS TO SUCCESSFUL ADOPTION OF NEW WORKING PRACTICES

While working practices such as hybrid working have been perceived as broadly positive, barriers and challenges remain. Our survey asked respondents about barriers to successful adoption of new working practices. See Figure 6 on the following page. The biggest were:

- Reluctance of employees who have been working from home to return to office working (81% agree this is a barrier for their organisation).
- Perceived differences in employee experience between in-office and remote employees (71% agree).
- The capabilities of managers to successfully lead hybrid teams (66% agree).

As one HR leader from an industrial sector company explained, speaking about employee reluctance to return to office working, two years of homeworking has been a long enough period for employees to have formed new habits and these are proving hard to change: *"People have got used to the idea that they can pick the kids up from school in the afternoon and they don't want to lose this freedom."*

While less of a concern for our respondents, over half of survey participants (56%) agreed the reluctance of leaders to have employees working remotely is a barrier to the successful adoption of new working practices for their organisation.
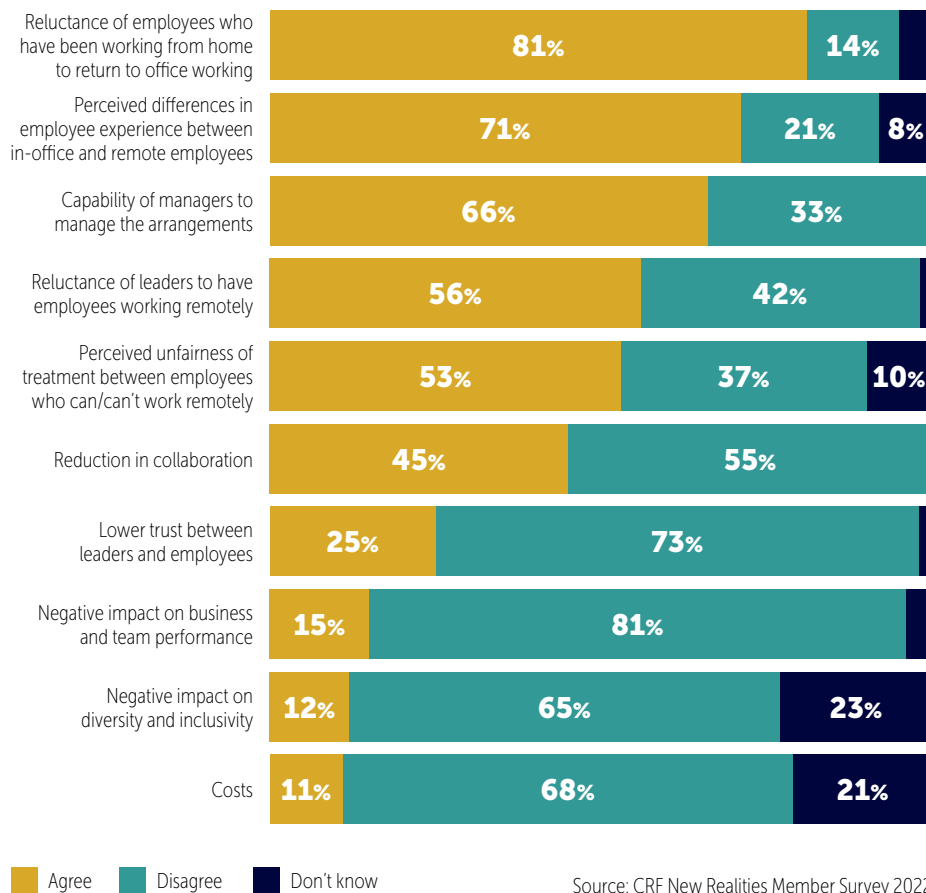
The results also confirm that survey respondents do not see the new working arrangements having a significantly negative impact on business results (only 15% agree this is a barrier to success).

Interestingly, almost a quarter (23%) of respondents 'don't know' whether their new working arrangements are having a negative impact on diversity and inclusivity, which indicates that for some success measures it's simply too early to reach a firm conclusion on longer-term impact.

Evidence from interviews does indicate that some organisations are conscious of the potential impact of remote working on inclusion and advancement. For example, mindful that women and employees with caring responsibilities may be less likely to return to office working equally, Shell is using analytics to understand the demographics of people who are returning to the office to provide high-level insights to senior leaders to support inclusion and ensure these groups are not unintentionally impacted in terms of development and progression opportunities as new working patterns are embedded. Several of those interviewed were providing extra guidance to managers on how to ensure inclusive working when operating remotely. For example, at Virgin Atlantic, Chief People Officer Estelle Hollingsworth told us that they consulted their Disability Engagement Network (DEN) on return-to-work issues and applied a disability lens to new arrangements with particular focus on mental health.

FIGURE 6

The following statements represent common barriers to the successful adoption of new, flexible working practices within organisations. To what extent do you agree that each is a barrier for your organisation?

Statement	Agree	Disagree	Don't know
Reluctance of employees who have been working from home to return to office working	81%	14%	
Perceived differences in employee experience between in-office and remote employees	71%	21%	8%
Capability of managers to manage the arrangements	66%	33%	
Reluctance of leaders to have employees working remotely	56%	42%	
Perceived unfairness of treatment between employees who can/can't work remotely	53%	37%	10%
Reduction in collaboration	45%	55%	
Lower trust between leaders and employees	25%	73%	
Negative impact on business and team performance	15%	81%	
Negative impact on diversity and inclusivity	12%	65%	23%
Costs	11%	68%	21%

Agree · Disagree · Don't know

Source: CRF New Realities Member Survey 2022

Comments from survey participants reflect the challenges employers are encountering in practice:

- There is still a high degree of uncertainty about what the right working patterns are. For example, is there an appropriate minimum number of days for people to be working in the office each week?
- Concerns about the impact of hybrid working on the ability to attract and retain the right talent.
- To what degree are managers and employees equipped to work in these new ways?
- Practicalities around where employees are located – how flexible can and should we be if people want to be based in jurisdictions other than those where the work takes place? What are the implications for reward or taxation?
- Dealing with stress and conflict arising from leaders and their team members having different preferences around working practices and location.
- Over-reliance on electronic communication at the expense of human interactions, and the long-term effects on trust, working relationships, team culture and wellbeing.
- Extended working hours and 'always-on' communications leading to overload and burnout.
- Difficulties assimilating new joiners in the organisation culture.
- Potential inequities or bias in favour of those who are more willing to attend the office.
- Managing hybrid meetings where some are physically present and others are remote.
- For global companies – should travel continue to be restricted?

We explore many of these challenges in this report.

Despite the challenges, our research found organisations are keen to embed the benefits of hybrid working, such as having the opportunity to tap into a wider talent pool and use global resources. As one interviewee commented: *"It used to be that to work on a 'head office' project you had to be physically seconded over to that country; now we have more diverse teams."*

Key challenges for companies as the new realities take shape will be to:

- Set out clearly why there is benefit in having employees physically present in the workplace.
- Make office time purposeful and meaningful by focusing on the types of interactions and work outputs that are best achieved face-to-face. This means coming together when it enhances communication, collaboration and team-building and working remotely when focused work is required.

- Put in place strategies for attracting people back to the office.

- Find ways of harnessing the benefits of remote working while minimising negative impacts.

In summary, we find that while organisations have been successful in adopting new working practices, much remains in flux. Organisations are still working out what's most suitable for their business. There also remains much to be done in terms of attracting employees back to the office, equipping managers to lead hybrid teams, and monitoring the longer-term impact on business performance and inclusion.

At this stage in the pandemic, the reported successes in adopting new working practices suggest that most organisations are unlikely to go back to pre-pandemic work patterns. Despite the many challenges caused by Covid, this period of turbulence has given organisations the opportunity to reimagine and reinvent the workplace in bold and creative ways. We have firmly established that remote working can work, and that productivity and efficiency have, on the whole, not suffered as a consequence.

We have also seen a shift in the power balance between employer and employee. Similarly, People strategies have had to evolve to take greater account of employee wellbeing and inclusion. HR has had the opportunity to demonstrate its business contribution in multiple ways.

However, it would be unrealistic to predict that we have reached a settled, permanent state of affairs. The unintended consequences of the new working practices need to be identified and resolved. In many cases these may take several years to work their way through the system. For example, will remote working set back the progression of women and other minorities at work? We can anticipate some 'reversion to the mean'. Working practices remain in flux, and there is still a long way to go until the new realities become clear.

All of the HR leaders we interviewed expressed that these questions were very much still live and that they were evaluating current practices through various means including experimentation (see the Case Note on The Open University's 'Test and Learn' approach on), analytics, increased frequency of employee surveys, focus groups, engaging with employee networks and informal feedback.

WHILE REMOTE MONITORING IS POSSIBLE, FEW EMPLOYERS ARE USING IT

Much has been written about employers' use of technology to monitor employee productivity. Even before the pandemic, research by Accenture found that 62% of C-suite executives said that their organisations were using new technologies to collect data on their people and their work. When employees are working remotely, how can managers tell whether they are focused on the task at hand? During the pandemic we have seen the emergence of new digital tools for employee monitoring which allow employers to access live video feeds, keyboard tracking, keystroke recording and location tracking.

However, there are substantial risks associated with employee monitoring. It erodes trust, raises ethical and privacy concerns and can negatively impact employee wellbeing.

Our survey suggests that very few companies are rushing to adopt these new technologies. Only 6% of respondents have introduced employee monitoring for remote workers, and a further 2% are considering it.

"We're probably 10% into this journey, not 100%. What you're seeing is lots of organisations experimenting based on an unreliable data set – two years during a pandemic – it is not a normal period in which to do a field study. It probably isn't the kind of data you'd extrapolate from to make any firm bets for the future. I think things will change over the next year or two."

NEIL MORRISON, GROUP HR DIRECTOR, SEVERN TRENT

Although new ways of working have been adopted by many businesses, settled practice is still very much in flux. Working patterns are unsettled and organisations are still grappling with how to effectively communicate, collaborate and learn in remote and/or hybrid environments. For example, what is the most effective way to conduct a meeting when some attendees are physically present in the office, while others are connecting by video? What does effective remote learning look like, given that research shows remote learners are less likely to be engaged with the learning? What if someone wants to be 'location-agnostic', working in a different country for a large portion of the year (or permanently)? Are there some tasks or roles that really must be office-based, while others are more flexible?

As organisations and their HR leaders navigate this challenging terrain, we highlight the following key questions organisations are having to resolve:

- **Who** decides the degree of personal choice?
- **What** are the key 'personal choice' issues to settle?
  - **When** and **Where** do people work?
  - **How** do people work?
- **Why** do we come into the office and what do we do while we are there?

In the remainder of this section, we will explore each of these questions.

3.0
THE WHO, WHAT AND WHY OF THE NEW WORKPLACE

1. **WHO** DECIDES THE DEGREE OF PERSONAL CHOICE?

During the pandemic, employees exercised unprecedented freedom of choice, and companies largely went with it because the circumstances required it. Especially at the beginning of the pandemic, the priority was to put people first, with safety and wellbeing front of mind. Post-pandemic, people are rethinking how they balance their personal and professional lives. There are calls for greater purpose and more 'human-centric' businesses and ways of working. While this may echo earlier trends toward a more responsible and sustainable model of business (or at least calls for such), it is fair to say that the pandemic has accelerated this 'great rethink'.

Are we seeing the pendulum begin to swing back? Certainly, there is evidence of a re-centring – with increasing acknowledgement that the business and its customers have to be looked after too.

For example, in the summer of 2021, Wall Street banks and technology companies such as Apple asked employees to attend the office at least three days per week, citing business and customer needs. However, some employees pushed back. Consider this leaked internal letter from Apple, which shows some employees protesting in passionate terms:

"We would like to take the opportunity to communicate a growing concern among our colleagues. That Apple's remote/location-flexible work policy, and the communication around it, have already forced some of our colleagues to quit. Without the inclusivity that flexibility brings, many of us feel we have to choose between either a combination of our families, our well-being, and being empowered to do our best work, or being a part of Apple. […] It feels like there is a disconnect between how the executive team thinks about remote/location-flexible work and the lived experiences of many of Apple's employees."

The reluctance to return to the office and the expectation of a high level of flexibility expressed in this excerpt reflects trends identified in our research. As noted in **Section 2**, one of the biggest barriers to successful adoption of new working practices is the reluctance of employees who have been working from home to return to office working. Over two-thirds (67%) of survey respondents report difficulties in encouraging those employees who have been working remotely to return to the office. See Figure 7.

A 2021 survey from Barnett Waddingham found that one in three UK employees say they'll resign if they can no longer work from home, and the much-discussed 'Great Resignation' provides some evidence that employees are willing to back up this conviction with action. In the United States alone, some 45 million workers left their jobs in 2021. Although many factors are contributing to the Great Resignation, including pent-up demand (there was a lack of the usual movement in the labour force over the two years of the pandemic), low pay, a lack of opportunities for advancement and feeling disrespected at work, 'not enough flexibility' is among the top factors cited in a study by the Pew Research Center.

To what degree is your organisation finding it difficult to encourage those employees who have been working remotely to return to office working?

6% Significantly difficult

61% Somewhat difficult

27% No/very minor difficulty
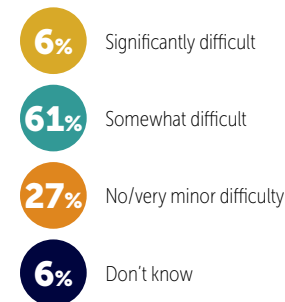
6% Don't know

Source: CRF New Realities Member Survey 2022

"How's complete flexibility going to work? We don't know yet. But we know that if we don't offer it, we will find ourselves in difficulty because when we have recruited recently, candidates have said to us, 'I've been talking to Companies A, B, and C, but they insisted I come in three days a week, and I don't want to do that. So I'm only thinking about you and another company, because you are both very flexible'. It's definitely proving advantageous at this stage. And it's going to take time to figure that out. Perhaps only this time next year will we know how it's all actually working out."

MARTYN FISHER, GLOBAL HEAD OF REWARD, FIDELITY INTERNATIONAL

Interestingly, only 10% of respondents to the CRF survey say they have 'often' experienced current employees leaving or prospective employees turning down opportunities based on their home or flexible working policies. Nearly two-thirds (64%) have 'never' or 'rarely' experienced this. However, evidence from our interviews found employers feeling competitive recruitment market pressure to offer maximum flexibility and to revisit their wider employee value proposition, for example with regard to development, progression and benefits. As one HR leader from a legal firm told us, *"The first question in interviews is – what is your agile working policy?"* Another told us that it was a simple matter of competitiveness, whilst others mentioned seeing an uptick in retirement rates. The apparent discrepancy between our survey data and anecdotal interview evidence may be a result of timing, with these examples just starting to emerge. We wait to see the impact of wider economic uncertainty on the labour market in months to come.

The research findings cited earlier in this section and anecdotal evidence, such as that provided by the letter from Apple employees, are likely to be cause for concern for employers. How likely are employees to 'vote with their feet' if too much personal choice is taken away? Are employees now driving the agenda or will the balance of power shift back towards the employer? The Great Resignation provides a clue that businesses should beware forcing a shift to the pre-pandemic balance of power between employer and employee.

However, it is our view that we are likely to experience a 'reversion to the mean'. The future is likely to reveal a renegotiated balance of power – employers will not be as firmly in the driver's seat as pre-pandemic, nor are employees likely to enjoy quite as much personal choice as the pandemic afforded. As Geoff Lloyd of Meggitt told us: *"We may have been too vague around some working requirements, and may have to put in place some firmer guidance or policy. We aren't pushing this at the moment as it's too soon. But in time we will have to move towards providing guidelines about where people can base themselves or on which days they attend the office."*

> *"It's not flexibility if it's not choice; employers can't say, 'we offer flexibility' if they then prescribe the hours to work. True flexibility is about personal choice."*
>
> **RAVIN JESUTHASAN, SENIOR PARTNER AND LEADER FOR GLOBAL TRANSFORMATION SERVICES, MERCER**

2. **WHAT** ARE THE KEY 'PERSONAL CHOICE' ISSUES TO SETTLE?

When, where, and how people work are three key flashpoints in the debate about future ways of working. As the balance of power between employer and employee is settled, care will need to be taken to find the 'right' answers (for a given organisation) to these questions.

WHEN AND **WHERE** DO PEOPLE WORK?

> *"Agreement to flexible working is a major success which has been the most important factor in retaining talent and employee engagement."*
>
> **CRF SURVEY RESPONDENT**

'When' people work refers to both days and hours.

As noted in Section 2, the majority of employers have adopted hybrid working for all or most of their employees (where feasible), with 2-3 days per week in the office the new norm. Flexible hours are less common than remote days, though still a majority of employers (70%) are offering this to all or most employees.

But are these patterns here to stay? Our research reveals tensions.

- Some organisations are seeing conflict between the personal preferences of senior leaders, and those of the people/teams they manage. Generally, leaders are more resistant to remote working, and some are looking to the end of laws/regulations to provide support for a push back to the office. Employees, on the other hand, continue to demonstrate a marked reluctance to return – much, or in some cases, at all.
  - Survey responses indicate that debate remains about the 'correct' minimum number of days to be in the office each week. There are inconsistent and mixed views. Employees are asking for clarity, but in some cases are unhappy with the answers they receive.
- There is also tension between the needs of the organisation and the needs/wishes of individuals (which themselves vary widely). For example, one organisation reports that *"from an organisation culture perspective, it would be helpful to have people in the office 1-2 days per week"*, but encouraging employees to come in remains challenging.
  - Part of the issue may be scepticism among employees about the claims being made about organisational needs. For example, one survey respondent questions the positioning of the office as a place to connect and coach, when *"the reality is that these happen regardless of location."*

- Individual needs may be in conflict with respect to when people work. For example, one person may prefer to work in the evening and thus email colleagues during what is their rest time. Flexibility around the 'when' could end up falling foul of legislation around the 'right to disconnect', implemented in many countries including France, Portugal, and Italy.

These tensions are unfolding in a context in which, as one survey respondent put it, *"the marketplace to attract talent continues to be exceptionally challenging."* Yet hybrid and flexible working are a key tool for attracting and retaining talent in this tough market, widely cited by many survey respondents. At least some employees also appear to expect hybrid and flexible working options to be firm and broad in reach. As one survey respondent noted, a key challenge at their organisation is *"more employees are looking to exit based on the ability to have firm/fully flexible work from home options."*

'Where' people work refers to location-agnostic working. Are companies requiring their people to work near a physical office? If not, how far away can people work from their contractual location – another city, region, perhaps even another country?

Our research identifies the following key trends and issues around where people work.

- With respect to working from another country, the issues are complex and the balance of power is with the employer, as taxation and other legal requirements are at play. Many organisations seem to have settled on allowing employees who wish to work in another country to do so for two to four weeks per year. For a closer look at how this works in practice, see the Case Note on following page.

- Challenges associated with being location-agnostic, beyond taxation for internationally mobile employees, include gaining the benefits of in-person collaboration, capitalising on impromptu social and team-bonding opportunities, meeting the needs of clients who wish to meet in person, and determining how to apply location-specific allowances and benefits.

- A key advantage associated with being location-agnostic is the opportunity to diversify talent pools and attract talent in an increasingly competitive market.

- During the pandemic, some organisations recruited from areas beyond commuting distance of a physical office. Others reduced their office footprint, selling or leasing office space. At the same time, some individual employees chose or were compelled by family needs to relocate beyond commuting distance to a physical office. Now, an unintended consequence of these practices is becoming apparent – mandated in-office anchoring or collaboration days are simply difficult to achieve due to lack of space or infeasibility of the commute.

- There is some evidence of an emerging reluctance among staff to take on international assignments as they fear future extended lockdowns away from home or have caring responsibilities in their home countries. This may subside as countries move out of restrictions.

> *"Sometimes, you look at your day and think 'well actually I can be quite effective sitting here. And it's quite convenient.' But you have to remember that you don't just go into the office for you. Part of going into the office is to be available for others who might want to see and interact with you. It's perhaps a bit of a blind spot – thinking of our effectiveness as individuals, rather than thinking of the collective."*
>
> **MATT STRIPE, CHIEF HUMAN RESOURCES OFFICER, PZ CUSSONS**

For organisations looking to find the right balance around when and where people work, the following strategies were noted by participants in our research.

- **Establish a continuous listening strategy around employee experience.** This approach has helped inform the direction to take with working patterns post-pandemic at some organisations.

- **Make novel and compelling arguments for the value of returning to the office.** One research participant shared such an argument: *"Hybrid working is allowing people to get more balance back to their working week. One of the consequences we experienced was burnout from being at home constantly and not feeling like you could switch off. Coming back to the office a few days a week is creating a different rhythm."*

- **Adopt a 'pull' rather than a 'push' strategy.** Rachel King, Group HR Director at UK national lottery operator Camelot Group, said: *"Our approach is about creating a 'pull', underpinned by guidance and principles, to draw rather than force people back to the office. We want people to come in, have a good experience and say 'I didn't know what I was missing'."*

- **Focus on 'why' not 'when' people need to be in the office.** Some organisations are organising working patterns around which activities and meetings require people to be in the office rather than fixed office days.

- **Use a test-and-learn approach to experiment with different working patterns.** Camelot Group has a steering group which reviews employee experience data and monitors the impact of experiments around working patterns.

CASE NOTES:
WORKING OUTSIDE YOUR JURISDICTION AT
FIDELITY INTERNATIONAL

In the early stages of the pandemic some people found themselves 'stuck' in whatever country they happened to be in. Others were able to relocate early on, for example opting to relocate abroad to see out the pandemic with elderly parents.

This unprecedented situation raised questions and created challenges for organisations, including around taxation and effective working across time zones.

Now that the pandemic is drawing to a close, some employees are expressing an interest in working outside their jurisdiction permanently, or for longer portions of a calendar year.

Martyn Fisher, Global Head of Reward at Fidelity International, shared insights about how working abroad requests have been implemented into policy through the company's 'Dynamic Working' approach.

Dynamic Working is a flexible, team-based approach to post-pandemic ways of working. The programme provides greater flexibility over where and when people can work. Each role has been categorised based on:

- Where you can work: 100% office based; a hybrid blend of office and remote working; or 100% remote.
- When you can work: flexible hours; or pre-defined hours.

Over 90% of roles have been categorised as hybrid, approximately 5% are completely office-based; and approximately 5% do not need to attend the office at all. For employees who have been categorised as hybrid, they need to find the right blend of home and office working to support their role, team connectivity and work-life balance. These decisions are left up to managers and their teams. Fidelity has provided a framework of recommended hybrid patterns for different types of teams to guide these conversations.

"If your manager and you and your team say you can work effectively from home for the majority of the week, we don't really mind," Fisher explained. *"If you say, 'I'm going to come in once or twice a month', that's all fine. If you're in London or Scotland for a week, as long as you're in the days you said you're going to be in, we really don't mind."*

However, legal restrictions mean that Dynamic Working's highly flexible approach has some limits.

With respect to working abroad, Dynamic Working has the following features:

- Employees can work from anywhere in the world for three weeks in a 12-month rolling period, provided they have the legal right to work in that jurisdiction and the company has an office there.
- Employees are responsible for any tax reporting related to time spent working in the alternative country.
- If an employee wants to work abroad for more than three weeks, they will have to offer a rationale which the company will risk assess.

"These are general guidelines," Fisher explained. *"But we also have to be aware of any regulatory requirements. For example, if you are a trader, you might have personal restrictions on the jurisdictions in which you can do your job. And then some countries, such as Canada, Australia and the United States, are simply a no-go from the company's perspective – those locations won't work for us because of our own internal reasons. But outside these parameters, we are trying to offer some flexibility."*

Is Dynamic Working here to stay? Fisher explained:

"It's only this year, as the pandemic restrictions end, that we're going to figure out if this is all going to work. When you're all in the office, it's easy. When you're all at home, it's easy. But as soon as you start blending those two worlds... now we've got no idea how it's really going to work. So, this is all a bit of an experiment; we'll figure it out as we go along. Individual preferences will change – by season, weather, family dynamics, school terms, all that sort of stuff. Or it might change because, all of a sudden, we realise that everybody coming in one day per week isn't good enough, we need to come in two days, or whatever it may be."

Dynamic Working will be periodically reviewed, to see if it's working from a corporate and employee point of view. Is it working for clients? Is it working for employees' mental health?

"We have said 'this is a new world. We're all figuring it out'. We haven't said 'you'll be reviewed on the 31st December. And we might all be back in the office next year'. Our intention is to remain completely flexible. We see no reason why we shouldn't do that, provided it's working. And we'll figure out what that means."
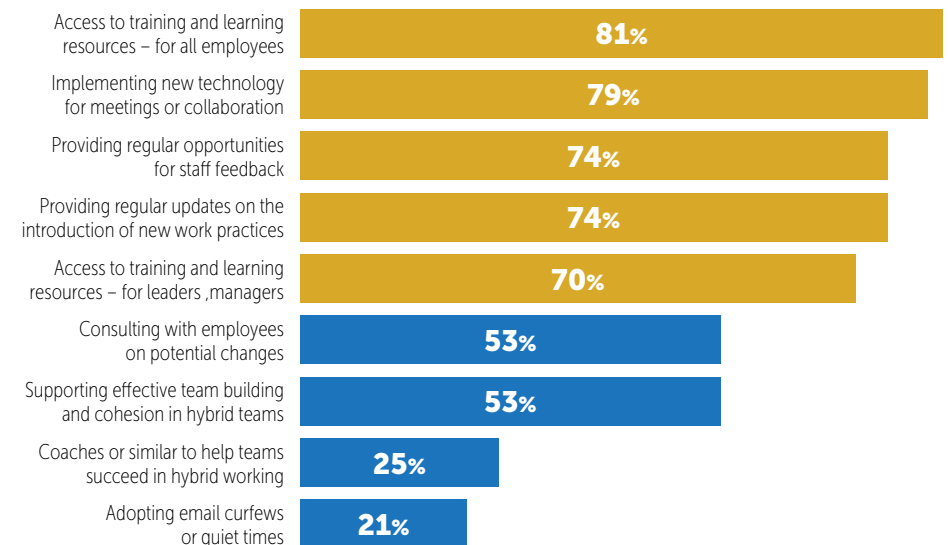
HOW DO PEOPLE WORK?

'How' people work refers to remote/hybrid tools and practices. How are meetings run? What are the accepted communication practices? How are culture and collaboration fostered? What is the impact of remote/hybrid working on learning and development?

Our research identifies the following key trends and issues around how people work.

- **The technology that supports hybrid meetings has improved over the course of the pandemic.** Some organisations have combined improved technology with rules/guidelines to make hybrid meetings more effective.
  - Positives associated with hybrid or fully remote meetings include that attendance is typically higher, and meetings can be run more inclusively. Meetings can be extended to a wider audience as they are no longer limited by room size and psychological safety is fostered through anonymous polls and other features, allowing people to contribute safely.
  - Negatives associated with hybrid or fully remote meetings include the loss of non-verbal cues (which can make building relationships challenging), exclusion when meetings are not chaired effectively, and 'Zoom fatigue', wherein too much screen time tires meeting participants.

- **New joiners may be losing out with remote/hybrid working.** Many organisations we spoke to for this research reported that remote onboarding remains a challenge. It appears that the nut has not been cracked with respect to finding a way to remotely enable new colleagues to quickly understand the organisation culture, develop a sense of belonging, and start performing.

- **The quality of remote/hybrid communication remains an issue.** Too much email/electronic communication is overloading and burning out employees at some organisations. Surprisingly, our survey found that only 21% of organisations are adopting email curfews or quiet times to support employees and managers as they adapt to new working practices. Adopting such practices could be a quick win to improve communication.

- **Learning and development may be more difficult to achieve in remote/hybrid settings.** On the one hand, distance learning provides increased accessibility and opportunities to learn; on the other hand, some organisations report that employees are less likely to attend or complete remote training/courses. Sue Whalley, Chief People and Performance Officer at Associated British Foods (ABF), commented that all group training (including the Senior Leadership Programme and Induction for Senior Leaders) had to be delivered virtually during

FIGURE 8

How are you supporting your staff and managers to adapt to new working practices?

Access to training and learning resources – for all employees	81%
Implementing new technology for meetings or collaboration	79%
Providing regular opportunities for staff feedback	74%
Providing regular updates on the introduction of new work practices	74%
Access to training and learning resources – for leaders ,managers	70%
Consulting with employees on potential changes	53%
Supporting effective team building and cohesion in hybrid teams	53%
Coaches or similar to help teams succeed in hybrid working	25%
Adopting email curfews or quiet times	21%

Source: CRF New Realities Member Survey 2022

the height of the pandemic, requiring innovation in use of technology, design of materials, and working in different time zones. ABF intends to retain a degree of virtual learning as dissemination of certain materials and case examples can work just as effectively virtually. However, they are reviewing how to integrate what works better face-to-face, such as interaction with senior leaders and networking, collaboration, and group problem-solving.

- **Some organisations are still searching for models of collaboration** and ways to build trust and foster a positive working culture in remote/hybrid settings.

> *"We have approximately 1/3 of employees who are excited to return to the office, 1/3 who are ambivalent and 1/3 who are resistant."*

RESPONDENT TO CRF SURVEY

- **Some organisations are struggling to figure out how to simply have fun in remote/hybrid working formations.** At CRF, one team recently adopted a 'World Cup of Everything' as part of a weekly meeting. Through a combination of polls, chat and hand raising, attendees speed through a 'World Cup playoff' on different topics each week – what is the best film of all time? The greatest band? The most delicious biscuit? The most compelling book? The activity has fostered connection and prompted laughter, but at only five minutes duration it is not as taxing as early-pandemic 'cocktail hours' or 'afternoon quizzes'.

It is our view that employers can and should be in the driver's seat with respect to how people work, articulating guidelines, surfacing and sharing good practices, and identifying and implementing technology that will foster success in a remote/hybrid working landscape. However, employee views should be taken into consideration. Only about half of organisations (53%) report that employees are being consulted on potential changes to ways of working. This is a missed opportunity, as employees may have good and innovative ideas. Equally, soliciting employees' views can ease the implementation of changes as they feel a part of the process.

> *"Many employees have been recruited from areas or have changed their home location or circumstances to be some distance from their work location, which will make any mandated in-office days difficult."*

RESPONDENT TO CRF SURVEY

3. **WHY** DO WE COME INTO THE OFFICE AND WHAT DO WE DO WHILE WE ARE THERE?

What is the purpose of the office? What sorts of tasks are best suited to an office, and what can be done more productively at home? These are questions that organisations are answering as new ways of working are explored and embedded.

Interestingly, among respondents to our survey, there seems to be one word that is cited most often when thinking about the purpose of the post-pandemic office space: collaboration. In qualitative responses to our survey, nearly all of the research participants who discussed how their office spaces are being repurposed cited collaboration as the goal (only one exception cited 'experimentation'). The emphasis on the office as the primary place for collaboration was reflected in our interviews, and is widely cited in the research literature. For example, the HR leaders we interviewed referenced reconfiguring office space for collaboration, and creating quiet spaces and areas for joining video conferences. As Karen Ward, OD Director at The Open University, put it: *"We come onto site to collaborate or to build relationships; we consider what do we do best together and what we do best when we're apart."*

Recognising the office as a site for collaboration has allowed some organisations to focus on understanding how people actually spend their day and, consequently, to push aside some old practices (such as spending large blocks of time on emails), while reconfiguring spaces to support and enhance human connection.

As Ravin Jesuthasan, Senior Partner and Global Leader for Transformation Services at Mercer, puts it, *"Start with the work, not from a specific policy. When and where do you get a premium from personal engagement, for example through collaboration or innovation, and let that drive the decision. In this way we can defend our decisions and treat people like adults."*

It is our view that employers can and should take a leading role in articulating the purpose of the office and shaping, through the use of physical space, technology and practice, what it is that people do while they are there. Storytelling is one tool for articulating a compelling purpose – see CRF's research report *Storytelling – Getting the Message Across*, for insights on how to create and share compelling stories. As we explore in Section 4, we would also offer caution about an overemphasis on the office as a site for collaboration, as the purpose of the office is multi-layered and collaboration can be achieved in other ways.

CASE NOTES:
WORKING OUTSIDE YOUR JURISDICTION AT
FIDELITY INTERNATIONAL

Most of the HR leaders we spoke to for this research agree that continuing to collaborate and make connections will be vital, however new ways of working ultimately settle.

Many organisations have taken a prescriptive approach to trying to ensure networking and collaboration. As Fidelity International's Sarah Kaiser, Head of Employee Experience, explained, *"There are organisations saying 'you must be in the office on X day or Y day'."*

Fidelity is taking a different approach. *"We want to help people to know when it's a good day for them to come in. For example, if they want to come in because they want to collaborate with people who are outside their team – when is a good time for that?"*

The company's IT teams have created technology to support people to navigate those decisions with a bit more certainty. *"Our tech teams have created a workplace app called Solar"* Kaiser said. *"At its most basic level, when you book a desk in the office, which is required now, Solar will show you where your desk is, help you navigate to it and help you report any issues with it."*

But the award-winning app does much more than that. Additional functionality:

- **Helps people collaborate with frequent and known contacts.** Kaiser explained: *"It allows you to see when your most frequent contacts are going to be in the office. So you can then plan to come into the office when they're there and set up meetings with them at the touch of a button."*
  - Users can also search for contacts they want to meet, but don't frequently interact with.

> *"Connections are important for people to succeed, especially for those who don't come into the offices frequently – we don't want them to be disadvantaged."*
>
> **SARAH KAISER, HEAD OF EMPLOYEE EXPERIENCE, FIDELITY INTERNATIONAL**

- **Helps people expand their networks.** *"There is a feature called fringe network,"* Kaiser said. *"For example, if people are homeworking, there's a risk that if they're not in the office as much, they might lose a bit of their network and contacts. If there are people you network with frequently, Solar tells you the names of the people they network with frequently and asks, 'do you want an introduction to these people to help you build your network?'*
- **Addresses some aspects of wellbeing.** Kaiser said: *"Solar also has a step counter. So if you've got your phone with you around the office, you can track your steps and access further links for wellbeing support."*

The fringe network feature, in particular, is helping Fidelity to address questions of fairness, while empowering people to manage their careers. *"Connections are important for people to succeed, especially for those who don't come into the office frequently – we don't want them to be disadvantaged,"* Kaiser explained. *"We're training managers around good leadership in a hybrid environment, how to be inclusive, how to support people, but we also want to give people the tools to own their career. We want people to understand the principle – 'your network is an important part of your work' – and then give people everything we can to help them with that, whatever their circumstances."*

4.0
ATTRACTING STAFF BACK TO THE OFFICE

"We've taken the carrot approach to bringing people back into our support centres. We've been encouraging, suggesting and asking, rather than mandating. Essentially, we've been trying to make sure that when we are asking people to go back into an office, we're doing it for a good reason. So, the principal ones for us are culture and collaboration, plus coaching because I think new people, especially people that you're trying to develop, have been missing out on the benefits of face-to-face coaching. We talk about those three Cs – collaboration, coaching and culture building. We're a coffee house. Coffee culture is important. We have a coffee store in our main office in Dunstable. And so getting people to reengage with a cup of coffee has been one of our approaches as well."

JONATHAN CROOKALL, CHIEF PEOPLE OFFICER, COSTA COFFEE

Research, including our survey, finds a substantial gap between the desire for senior leaders to have people in the office and the willingness of people who have got used to working from home. Over two-thirds (68%) of respondents to our survey report difficulties in encouraging those employees who have been working remotely to return to the office. According to Microsoft's second annual *Work Trend Index* which surveyed 30,000 workers in 31 countries, employees returning to the office have different priorities, expectations and needs than they did at the start of the pandemic. For example, Microsoft's data suggest that people are prioritising health, family time and finding a sense of purpose through work, more highly than pre-pandemic.

While the experience of remote and hybrid working appears to have been better than expected in terms of productivity in the short term, in the longer term, team cohesion, collaboration and organisation culture are likely to suffer, with negative consequences for performance.

While many teams may never return to full-time in-office working, in most cases there is a business need for people to return to the workplace at least part time. What actions should we be taking to entice teams back to the office? There are three main issues which we explore in this section:

- Being clear about the purpose of being in the office and the expectations of employees that flow from that.

- Making the physical working environment attractive and fit for purpose.

- Encouraging a return to the office through involvement, communication and incentives.
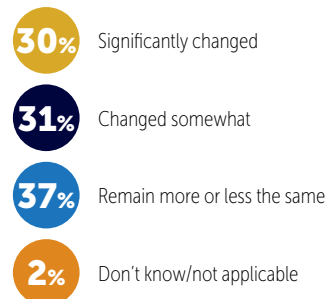
1. THE CHANGING OFFICE FOOTPRINT

Our survey showed that more than half (61%) of companies are rethinking their office space as a result of the pandemic. See Figure 9.

However, before we can determine what the office footprint (the number, size and location of offices we need) and configuration (how those offices are fitted out and the facilities they contain) should be, it's important to be clear about the *purpose* of being in the office. This helps determine the appropriate office set up. But, more importantly, it provides a basis for communicating to employees *why* it's important to attend the office, and what to expect.

FIGURE 9

To what extent has your office/location footprint changed/will change as a result of the pandemic, (in 2022 and later)?

30% Significantly changed

31% Changed somewhat

37% Remain more or less the same

2% Don't know/not applicable

Source: CRF New Realities Member Survey 2022

Employers can make the commute worthwhile by clearly communicating why, when and how often teams should gather in person. Microsoft's *Work Trend Index 2022* research found that, for 38% of hybrid employees, the biggest challenge was knowing when and why to come into the office. Yet only 28% of companies had established team agreements to define the new norms.

Our research suggests that companies are prioritising the following objectives as they think about what their office space is for.

- **Enabling collaboration.** Companies report they are shifting to repurposing rather than reducing office space, creating more and larger meeting rooms and collaboration spaces.
- **Building social capital and creating a sense of community.** Microsoft's research showed 59% of hybrid employees and 56% of remote employees report fewer work 'friendships' since going hybrid or remote, and 55% of hybrid and 50% of remote employees report feeling lonelier at work. Creating workspaces and new working norms that intentionally connect hybrid and remote employees into the fabric and culture of the organisation will be important.
- **Fostering feelings of belonging, both when people join the organisation and throughout their employment.** While remote onboarding is possible, it is less effective.
- **Focused work.** Some people are more productive at home; others get more done in the office. Before we rush to stripping out individual workspaces in favour of collaboration spaces and Zoom rooms, it's important to recognise that many people, given a choice, will prefer to commute to the office to work. Perhaps they live in a shared space and lack privacy at home, they have small children or their IT setup is unsuitable. These employees need to know that there is a suitable workspace available for them when they attend the office.

Balancing the different needs and preferences of a diverse workforce means it's essential to have input from employees, for example through pulse surveys, focus groups or running experiments.

It's also important to design workplaces with enough flexibility to meet different purposes and address different employee needs. That means touchdown places, fewer individual desks, private rooms for video calls and collaboration areas, but also spaces that can be easily reconfigured. For example portable office furniture and movable screens rather than permanent walls.

2. RETHINKING THE PHYSICAL WORKING ENVIRONMENT TO SUIT NEW WAYS OF WORKING

Now that lockdowns and stay-at-home orders seem to be largely in the past, how can we set up the office environment to suit the new realities of the working environment?

Throughout our research, we found many examples of organisations revamping their office space to create a stimulating and exciting place for employees to return to. Influencing factors included the changing landscape of talent attraction and retention, adapting to hybrid working and putting more emphasis on employee wellbeing.

We have noticed the following trends:

- While some organisations have reduced their overall office space, some are reconfiguring their location strategy. For example, moving from a single head office to distributed head office functions across multiple locations, shifting from owned offices to leasing shared coworking spaces (e.g. WeWork facilities) across a wider range of locations closer to where employees live. Interestingly, one of the companies we interviewed is looking at releasing space in their offices for flexible use by start-ups in collaboration with local government.

- Designing new office spaces which make the environment feel more like home. For example biophilic designs (incorporating more natural elements such as plants which make people feel more connected to nature) to improve overall wellness.

- We are seeing shifts in mindset from 'ownership' of defined spaces (this is the HR department) to the 'purpose' of the space (this is where we collaborate).

- Upgrading catering facilities and offering free food. Offering better gym access and exercise classes.

- Creating quiet spaces and meditation rooms.

- Planning and coordinating in-office days so teams that benefit from working together are in the office at the same time. For example, one company has implemented a desk booking system that allows employees to see who's sitting around them and to plan to sit next to colleagues to enable collaboration.

- Companies are also investing in providing social reasons to attend the office, which increase the chances of people making serendipitous connections, create energy and build

"We're adapting physical spaces for collaboration, adding quiet areas and hot desking. We have created 'show houses' in a new building to test different configurations. Our growth during the last couple of years has meant that we no longer have enough seats for all staff, but this can be managed with a flexible use of the office space. We are also using off-site facilities for meetings in locations convenient to the specific team."

KAREN WARD, OD DIRECTOR, THE OPEN UNIVERSITY

relationships outside the immediate team. For example, hosting events such as happy hours or group lunches to foster low-pressure personal connections. Coordinating office gym-class days with work meetings in order to entice workers to come in.

- Monitoring usage data to refine the office setup over time.

- Improving flexible working policies.

- Updating IT equipment and offering training to address skills gaps that may have developed while working remotely.

Reconfiguring the office can be an opportunity to design new working practices and kick-start desired behaviours and changes to the organisation culture. It's important to design these explicitly and monitor their adoption.

The pandemic has presented an opportunity to rethink the purpose of the office and to reconfigure the office footprint. In some cases, this has enabled companies to reduce the cost of their office facilities.

However, it remains to be seen whether these efforts will work. Will employees be enticed back to the office? Or will they continue to choose flexibility over these perks and incentives? While at this stage only a few employers such as Goldman Sachs and Apple have gone public about requiring people to return to the office, can we expect more companies to follow suit? And how will they balance the benefits of having people physically present together in the office with the risk of key talent voting with their feet? Microsoft's *Work Trend Index* found that half of the leaders surveyed expect to have to require full-time in-person work in the year ahead.

CASE NOTES:
REVAMPING THE OFFICE WITH EMPLOYEE WELLNESS IN MIND WITH **PZ CUSSONS**

PZ Cussons has completely redesigned some of its facilities as part of a plan to entice people to return to the office. *"The new workspaces are designed for different needs,"* explained Matt Stripe, the company's Chief Human Resources Officer.

The company has introduced the following new features:

- Collaboration spaces, private spaces and meeting spaces.
- For their Manchester office, they have dedicated half of one floor to wellness. It includes a gym, a studio and a wellness area – all classes are free.
- Refurbished restaurants and coffee bar which are all free.
- A permanent full-time fitness instructor who runs training classes and yoga.

"The aim is to pull soft levers to manage the flow in the building," said Stripe. *"So, for example, if you run spinning on a Monday, you get a certain group of people. And if you run yoga on a Tuesday, you get a slightly different group.*

The building has been designed with technology in mind. It's about integrating our online platforms into all of our spaces so that you can have a semi-virtual meeting if needed – some people might be in the room, while others might be virtual."

> *"The pressure of work and volume of online meetings has made our hard-work culture worse."*
>
> **RESPONDENT TO CRF SURVEY**

3. TREAT THE RETURN TO THE OFFICE AS A CHANGE MANAGEMENT SCENARIO

Returning to the office is not just a question of getting the practicalities right. It also requires people to make a psychological shift. People need to feel safe and overcome feelings of loss they may experience in letting go of ways of working they have become used to over two years of remote working. In order to overcome potential resistance to the new realities of the working environment, we can deploy various change management approaches to involve people in designing the solution and to support the psychological transition they are required to make.

APPLYING THE PRINCIPLES OF BEHAVIOUR CHANGE TO RETURNING TO THE OFFICE

We can view returning to the office as any other behaviour change scenario in organisational life. We want to encourage and support a change in behaviour but there is resistance to be overcome. We can apply the principles of behaviour change to help support and encourage people to get used to new ways of working. CRF's recent research *Applying Social Science to Behavioural Change* explores this topic in depth. Here, we highlight a few principles that are pertinent to the scenario of returning to the office.

Change requires people to go on an emotional and psychological journey

Returning to the office has been made more difficult due to the stop-start nature of lockdowns and stay-at-home advice. Over two years people have been bombarded with messages that it's unsafe to go to work and they should avoid contact with others. Lockdowns have eased only to be reimposed later. When finally we are told it is safe to go back to work, it's natural that people feel nervous and uncertain. As people go through a change journey they experience a wide range of emotions, from denial to anger to acceptance. It's important to recognise these emotions and support people through the change. William Bridges' three stage transitions model is a tool to understand and support people through this journey.

Stage 1 Endings. This means letting go of the past and coming to terms with what's changing. Managers can support people through this phase by acknowledging what's been lost and communicating the positives of the change destination.

Stage 2 Neutral Zone. This is an in-between time when the old is gone but the new isn't fully operational. It can be an uncomfortable time, but it can also be an opportunity to experiment and lay down new patterns of behaviour.

Stage 3 New Beginnings. As people emerge through the transition, they can find a new sense of purpose and experience new energy. It's important in this stage to celebrate successes, continue with clear and consistent communication and support and reward people's efforts.

Practical tools can support behaviour change

Behaviour change techniques can be harnessed to support the return to office working including:

- **Role Modelling.** Individuals are heavily influenced by the opinions and, more importantly, the behaviours of those they look up to. Make sure leaders are doing what they are asking others to do in terms of being in the office.

- **Using defaults.** When the rules chop and change all the time it can be difficult for people to know what course of action to follow. Making certain days of the week default office days makes it easier for people to know what's expected and act accordingly.

- **Norms.** If everyone else is in the office it's more difficult for individual team members to resist, as they will feel they are missing out on social interaction and access to senior people.

- **Fresh starts.** Research shows that *when* you introduce new behaviours is as important, if not more so, than *what* the new behaviour is. Some dates are better than others for introducing a change and making it stick. For example, the start of the year, start of a month or the beginning of the new financial year are all potential hooks for introducing new working practices.

- **Prioritise communication.** One of the reasons many change initiatives fail is they significantly underestimate the amount of communication that's required to kick start and sustain the change. Plans for returning to the office need to be underpinned by a well thought-through communications plan, which clearly outlines the business need and benefits for teams to be back, builds a shared sense of why it's important, helps people see what to expect when they return, and addresses concerns people may have. Communications need to be more than just a one-off, with the messages evolving and being adapted in response to people's behaviour.

> *"It is critical for organisations to not be afraid to experiment or assume they have all the answers. Instead, HR must challenge leaders to think differently and help articulate what the loss of everyone being in the office means, rather than assuming they have to go back to the way things were."*
>
> **CRF SURVEY RESPONDENT**

EXPERIMENTATION

A key principle of change management is that people are more likely to buy into change if they have played a role in designing the solution. One way that companies have applied this principle to attracting staff back to the office is by taking a test-and-learn approach to design potential return-to-office scenarios and test which solutions work best for different workforce groups. For example, one organisation brought together a variety of staff from different departments to test multiple factors such as how many days are spent in the office or how different areas of the office are used. Through this, they were able to get a clearer idea of what was working and what could be rolled out further. Results of the experiments would be reviewed at the end of the 'test and learn' year, with no permanent policy changes made until this was completed.

Nola Lenaghan, Air & Space Head of HR at QinetiQ, explained how experimentation came to the fore during the pandemic: *"When we went into lockdown, we accepted that we might get things a little bit wrong. We thought it might feel a bit clunky, but let's have compassion for each other. Now that we're coming out of the pandemic, we realise the answers still aren't clear because we've not done this before either.*

We are experimenting with digital tools to help us with behavioural change. We're on a journey which includes learning from the digital sector's approach to agile working – how to test, learn and adapt. We're figuring out how we can use that mindset to get the best business outcome we can. So, we're learning as we go."

Rachel King at Camelot Group, which has implemented a similar test and learn approach, said: *"We've focused on the things, whether they are activities, events, meetings, that might require you to be in the office with other people, versus when is your work best done from home? We are trying to take that approach rather than determining 'what does that look like in days per week?'."*

CASE NOTES:
'TEST AND LEARN' – AN EXPERIMENTAL APPROACH AT **THE OPEN UNIVERSITY**

Karen Ward, OD Director, People Services at The Open University shared how the university has set up a qualitative research approach to deciding on new working arrangements post pandemic. They formally identified experiments where there was a hypothesis to test, for example which type of office configuration works best. For each experiment, the hypothesis was identified, the experiment designed and evaluation criteria were established.

As Ward explained, *"we very deliberately put into place a 'test and learn' year. No policy changes will be made until the year is complete and we have evaluated the outcomes of the experiments we ran."*

For example, in one experiment, three show houses were designed with different uses of office space to test which was most effective. The evaluation criteria included:

- Staff wellbeing.
- Attractiveness to potential new staff.
- Access to local decision makers in the devolved nations (where they sought access to local government policy makers).

Effectiveness will be measured using various qualitative methods including:

- Journaling with participants then coming together for sense-making sessions.
- Structured interviews – in areas where traditional surveys wouldn't work e.g. in judging resistance to change.
- Dialogic techniques.
- Pulse and broader surveys.

> *"In line with our Social Sustainability objective, we hope to create human-centred working practices that will allow us to access a wider talent pool and improve our ED&I outcomes."*
>
> **KAREN WARD, OD DIRECTOR, THE OPEN UNIVERSITY**

Evidence cases will then be built and can be presented to the senior management of the organisation.

As Ward said: *"We have used the pandemic to bring this mission to life by challenging assumptions about how and where we work together. For example, we asked, 'why do you need the technology staff to come into the labs?' We teach a lot of the laboratory courses online, because our students are based remotely, so can we not use some of the same techniques for staff? There's been some quite interesting experimentation about roles that previously people assumed would need to stay in-person, which actually, we've been able to demonstrate they don't."*

Full results of the test and learn year will be presented to the senior management of the university in advance of the next academic year in order to implement new practices the following year. *"In line with our Social Sustainability objective, we hope to create human-centred working practices that will allow us to access a wider talent pool and improve our ED&I outcomes,"* Ward said.

In our view, this is a rare example of formal experimentation and evaluation used to form HR policy or guidance.

"We've changed in some fundamental ways in terms of how we think about life, how we think about what's important to us and, in particular, how we think about work."

JARED SPATARO, CORPORATE VICE PRESIDENT, MICROSOFT 365 AND TEAMS

The pandemic presented unprecedented health and wellbeing challenges to organisations and their people. Physical safety and mental health came into sharp focus, with organisations deploying new practices, guidance and policies at speed.

As the dust begins to settle, with an end to the pandemic in sight, our research explores the impact it has had on wellbeing and how organisations are attending to wellbeing as they adopt new ways of working.

For the most part, organisations were quick to adapt as lockdowns were implemented, taking necessary physical safety precautions for their frontline people and rolling out support for managers and employees working from home. Some of the practices CRF identified in earlier research include:

- Rapid adoption of pulse surveys to monitor and respond to employee wellbeing needs at pace.
- Training and support for managers to instil confidence and build capability in navigating the complex terrain around mental health and wellbeing.
- Allowance of a very high degree of flexibility around working patterns (days, times) and absenteeism. For example, parents juggling work and home schooling might not come online until the afternoon and evening.
- Targeted support for vulnerable groups, such as employees who were living in domestic violence situations.
- The extension of health and wellbeing support via helplines and Mental Health First Aiders.

For many organisations, the rapid response has had a positive impact – 49% of respondents to our survey reported that new working practices had significantly or somewhat positively impacted employee wellbeing. In the qualitative responses to our survey, many cited improved mental wellbeing and physical health as a key success outcome of new working practices. Organisations are seeing positive wellbeing scores and greater work-life balance as they sustain their focus on wellbeing.

5.0
WELLBEING: FROM 'NICE-TO-HAVE' TO 'ESSENTIAL'

But the picture isn't entirely rosy. Nearly one-third (32%) of respondents to our survey said that new working practices have had a significant or somewhat negative impact on employee wellbeing. Heavy workloads, overworking from home, exhaustion and burnout are issues, with workloads especially affected as pandemic absences continue, organisations restructure and attrition occurs. At some organisations, the observed positive impact of new working practices on productivity may be coming at the cost of employee wellbeing.

So what is the way forward? What does the future look like for employee health and wellbeing as organisations adopt new ways of working?

Our research identifies the following key themes.

- **Attention to wellbeing has become mainstream and will remain so.** Many new practices occurred during the lockdown because they had to; our research finds that many of those practices are now being embedded and sustained.
  - Pulse surveys are becoming the norm at many organisations, and the results of these surveys are feeding into decisions around hybrid working. (See the Case Note, **page 33**).
  - In general, we are seeing an accelerated shift toward an approach to wellbeing that is holistic and continually evolves to meet employees' changing needs. (See the Case Note, **page 32**).
  - Training and support for managers is ongoing and becoming more focussed and in-depth. See the Case Note, **page 32**, for a closer look at how one company is supporting its managers to support employee wellbeing.

- **There is increasing acceptance around discussing formerly taboo topics.** For example, the pandemic accelerated a pre-pandemic trend of speaking more openly about mental health and how to support it, and the pandemic brought a new focus to domestic violence and how to support employees suffering it. See the Case Note, **page 34**, to explore how one airline is centring mental health to build competitive advantage.

- **Building and maintaining psychological safety is critical.** During the pandemic, managers were encouraged to share how they are feeling and show vulnerability, in order to encourage employees to do the same. We see that trend continuing, with organisations focusing on how to support managers to build psychologically-safe teams in hybrid environments. For more information on how managers can establish psychological safety and run hybrid meetings in a psychologically-safe manner see CRF's Research *Applying Social Science to Behaviour Change*.

"Wellbeing became front and centre during the pandemic, especially for customer-facing staff."

NEIL MORRISON, GROUP HR DIRECTOR, SEVERN TRENT

"Working from home increased our focus on wellbeing, locally and globally. We are seeing greater acceptance of flexible working and of people's 'whole life' – managing work and personal responsibilities."

CRF SURVEY RESPONDENT

"Our Mental Health Employee Resource Group known as 'Shine' really came into its own during the pandemic. They worked with local expert suppliers and put in place a programme of Mental Health First Aid. They really led the work in training first aiders and deploying them. In our latest employee survey, the sentiment around mental health was highly positive."

GEOFF LLOYD, CHIEF HUMAN RESOURCES OFFICER, MEGGITT

CASE NOTES:
CENTRING WELLBEING FOR COMPETITIVE ADVANTAGE AT **VIRGIN ATLANTIC**

The early stages of the pandemic hit the travel industry particularly hard, with travel restrictions and the collapse of demand. Estelle Hollingsworth, Chief People Officer, talked about the unique workforce challenges the company faced during the peak of the pandemic and how they plan to keep and expand some of their wellbeing initiatives.

The early days of the pandemic found some Virgin Atlantic employees in very trying conditions. *"Crews were required to wear masks during all long-haul flights and in certain destinations the quarantine requirements were really tough. In Shanghai, crews would be transported to specific government hotels and required to stay in their rooms until it was time for them to be transported back to the airport wearing full PPE and back on board the aircraft. So our starting point is always that our office is our aircraft and our unit of time is a flight. Everything we do, we try to see it from the crew's perspective and then work backwards. So that's why we kept mask wearing in offices for longer than required by government."*

The company had to quickly put into place support arrangements for their frontline teams:

- 200 Mental Health First Aiders (MHFAs) were deployed across the company, predominantly among cabin crew. The MHFAs participated in weekly calls to share perspectives, understand what themes were emerging from their fellow colleagues and talk about what support they needed as MHFAs, as they continued to be there for others.

- The MHFAs remotely supported cabin crew who were quarantined in their hotel rooms in, for example, Shanghai.

The innovations around employee wellbeing have proven so successful that the company has adopted supporting mental health at work as a core principle, with plans to expand the MHFA programme.

"We're expanding both the MHFA programme and our broader focus on and support for mental health at work," Hollingsworth explained. *"We want this to be our differentiator as an airline. The recommendation for cabin crew is to have 1 in 5 qualified as MHFAs, but we want to achieve 1 in 3. That's quite a big change for us."*

"We have also had a major focus on disability, using our Disability Engagement Network (DEN) to review all of our return-to-work arrangements to ensure that they met the requirements of all of our people and were fully inclusive."

CASE NOTES:
WELLBEING TOOLKITS SUPPORT MANAGERS AT **QINETIQ**

QinetiQ, the British-headquartered multinational science and technology company that operates in the defence sector, has created 'Team Talk' toolkits to support its managers to create and sustain conversations that support wellbeing in the workplace. The toolkits were introduced during the pandemic, reflecting the high priority the company places on wellbeing.

The toolkits empower managers to:

- Take care of their own wellbeing.

- Role model good behaviours.

- Spot opportunities to raise awareness of the importance of wellbeing and good mental health.

The ultimate objective of the toolkits is to help QinetiQ's people support each other to make time for wellbeing, which in turn builds and maintains resilience and performance, while creating a healthy work environment in which everyone can thrive.

The toolkits cover topics such as the pillars of wellbeing, sleep, stress management, anxiety, nutrition and hydration, and informal learning. Each one *"provides insight into the specific wellbeing subject with information, structure and a format to build meaningful discussions at team catch-ups and meetings,"* explained Nola Lenaghan, Air & Space Head of HR.

Key features include:

- **Facilitation guidance.** Managers are given clear guidelines on the time to dedicate to each part of the conversation, and how to lead it.

- **Established structure.** Each toolkit follows a recognisable structure:
  - An opening section with information about the subject and the benefits, with slide notes (10 minutes).
  - An interactive section involving the team to talk about the subject and what works for them, with example questions in slide notes (15 minutes).
  - Advice and links to curated content to share with the team (5 minutes).

Lenaghan reports that the company has received great feedback on the toolkits and will continue to use them as part of their wellbeing approach.

QinetiQ support for managers extends beyond the toolkits. Resilience and performance training with a guest expert has also been available. This training introduced useful frameworks, articulated the value of focusing on wellbeing including benefits to teams, and helped managers understand how to talk to their teams about sensitive subjects.

CASE NOTES:
KEEPING A FINGER ON THE WELLBEING PULSE AT **FIDELITY INTERNATIONAL**

Sarah Kaiser, Head of Employee Experience, shared the company's post-pandemic approach to wellbeing, which is multi-dimensional and underpinned by data regularly collected through pulse surveys.

"During the pandemic, we implemented a lot of additional support for people," Kaiser explained. *"We're using pulse surveys on wellbeing, which we conduct every couple of months, to check in on how people are feeling. We do this to understand what's changing throughout the year and what factors are driving those changes."*

The results of the pulse surveys are used to shape the company's approach to new ways of working, bringing wellbeing into the core of what they do. *"We're very conscious of wellbeing in our approach to hybrid working,"* Kaiser said. *"In conjunction with Dynamic Working, which is what we call our approach to hybrid working, we've now implemented a wellbeing strategy focused on four main pillars: work, life, mind and body. We are trying to support people in quite a holistic way, especially helping them manage the connections between 'work' and 'life'."*

What does that support look like? Fidelity International has implemented the following practices to support employee wellbeing:

- In 2021, Family Care leave was launched, giving people five extra days annually to provide care to a close family member. The policy was launched in direct response to a finding from pulse surveys, that women were especially struggling and were likely to have low wellbeing during the pandemic due to the pressures outside work. *"2,500 of 9,000 employees have taken Family Care leave since it was launched, so you can see it's been really valued by people,"* Kaiser explained.

- Remote health and safety assessments are being completed this year. Employees will have the opportunity to apply for funding to support further needs for homeworking as identified by the assessment (for example, a new desk chair). This is supplementary to the original home allowances given during the pandemic.

> *"The company has instituted 'monthly catch-up days', on which nobody is allowed to schedule Zoom meetings, unless it's for an urgent need."*
>
> **SARAH KAISER, HEAD OF EMPLOYEE EXPERIENCE, FIDELITY INTERNATIONAL**

- The company has instituted monthly 'catch-up days', on which nobody is allowed to schedule Zoom meetings, unless it's for an urgent need. Catch-up days allow everyone to read, write, catch up on emails, or tackle other focused tasks. They have proven to be very popular. The diary invite is sent from Corporate Communications to all employees. Catch-up days are global, taking into account any local sensitivities (e.g. national holidays).

- Manager training supports managers to have wellbeing and safety conversations with their people. Guidance provides insight on the options for hybrid working and how to be flexible about giving people space and time.

- Wellbeing champions organise wellbeing events (such as seminars on self-care), while Mental Health First Aiders signpost people to resources and support.

- Comprehensive guides have helped people make the transition back to the office. *"Most of our people are quite happy to come back, but some are nervous about it,"* Kaiser said. *"So to try and deal with those nerves, we've shared stories from people who are already back in the office on things like what to expect, how to book meetings, dress code, and so on; resetting the etiquette."*

- As offices have opened up, a concierge service has helped people find their way. *"We've had people who are positioned like welcome buddies. So as you come in, they can show you around. You know, get your technology set up if you haven't used it for a while, and you can't quite remember. That's also really made a difference to people coming in."*

CASE NOTES:
'A LIFE MORE VIRGIN' PUTS PEOPLE AT THE HEART OF **VIRGIN MONEY**

Francis Lake, former Head of Organisation Development at Virgin Money and OD expert, shared the importance the company puts on helping people adapt to organisational changes and strengthen their human connections. Virgin Money has turned the traditional working model on its head with the implementation of A Life More Virgin. It offers a values-led approach to flexible working, informed by experiences during the pandemic, with a core focus on wellbeing.

Features of A Life More Virgin include:

- **Extended time away from the office to focus on wellbeing.** The company conducted extensive modelling and testing, exploring the four-day workweek, a nine-day fortnight, and even the possibility of giving every employee one day off per month. The company settled on implementing of five wellbeing days annually and a 35-hour working week. These five wellbeing days are on top of Virgin Money's existing package of 30 days' annual leave, bank holidays, and the option to buy an extra week of holiday. Lake explained, *"We specifically call them 'wellbeing days' because we recognise that work is more intense now. We want people to pay attention to their wellbeing, to be able to switch off and look after themselves."*

- **Flexible location.** Full-time, 9 to 5, office-based roles are being consigned to the past at Virgin Money. Having taken from the pandemic the key lesson that it was surprisingly easy to *"continue operating even when colleagues aren't all in the same place",* the company is now *"inviting colleagues to work remotely, using offices or stores as hubs for collaboration when needed."* All colleagues, even customer-facing ones, can take advantage of a flexible location. For example, one store-based colleague is now able to work one day a week from a different store – one that is closer to their child, who they only get to see at weekends. This has cut down travelling time and increased family time for the employee, with positive effects for wellbeing, but it has benefits for the company too – the employee is now in a unique position to identify and share good practices between the two locations.

> *"The company settled on the implementation of five wellbeing days annually and a 35-hour working week… we specifically call them 'wellbeing days' because we recognise that work is more intense now."*
>
> **FRANCIS LAKE, FORMER HEAD OF ORGANISATION DEVELOPMENT, VIRGIN MONEY**

- **A focus on family.** Virgin Money wants to ensure that colleagues can be present for the big moments in family's lives. One way it is supporting this is through the introduction of paid family leave (20 weeks of fully paid leave) for all colleagues from day one.

- **Team learning.** Learning is peer-led rather than the more traditional model of sending people on training courses. Every week, a team member runs a learning session for other team members (the team's manager is not present). Content is provided for the learning session – for example, they might receive a learning exercise around the future of banking. The team will have a peer-led conversation around the issue, do an exercise together and then put the learning into practice during the week, coming back together in a reflection session to further digest the learning. This team-based approach to learning contextualises the learning, while its frequency means that it's happening in the flow of work. The feedback is that teams really like learning in this way, and that the exercises and conversations provide dedicated time to be more exploratory and curious.

  - Team learning, too, connects to wellbeing. As Lake explained: *"Team learning helps people learn and adapt as we concentrate on future skills. But what we're also trying to do is create a space each week where there are social connections between people, and the nature of the conversation is different. We're trying to foster a space that has warmth and humanity, which in turn can positively impact wellbeing."*

6.0
ENSURING FAIRNESS

> *"There's a risk that if you say 'you can work wherever', those people with the greatest resources have the greatest freedom. And those people lower down in the organisation probably have less freedom. And that is not how to build a really good organisational culture. It doesn't get at that sense of 'we're all in this together, we're all here trying to deliver the same thing to the same people'."*

NEIL MORRISON, GROUP HR DIRECTOR, SEVERN TRENT

In the discussions and debates around future ways of working, talk has tended to centre on office-based employees. But what about everyone else? After all, in the UK at the height of the pandemic, only 26% of people reported working from home sometime during the previous week, according to a survey by the Office for National Statistics. When we talk about new working patterns and radical flexibility, who is really included in the conversation? Are companies keeping attuned to potential inequality and perceived unfairness between different groups of workers, and the impacts that might have on culture and inclusion?

> One of the key questions raised in our research is: What about fairness – is it an issue, and what are companies doing to address it?

According to our survey, there is a degree of concern about perceptions of unfairness between different employee groups (e.g. customer-facing vs. homeworking employee groups) becoming an issue. However, only 8% report that they are 'very concerned' at present, while 57% are 'somewhat concerned'. See Figure 10 on following page.

This concern was elaborated in the focus group and interviews for this research. Research participants highlighted the following challenges:

- **Suspicion.** Some organisations report suspicion between groups – for example, at one organisation operational staff suspected that homeworking staff were slacking (when in fact they were working longer hours than previously).

- **Resentment.** There are some reports of resentment from frontline workers directed toward those that can work from home.

FIGURE 10

When looking at hybrid working, to what degree are you concerned that perceived unfairness of treatment between different employee groups (e.g. office-based, operational or customer-facing) may become an issue for your organisation?

8% Very concerned

57% Somewhat concerned

33% Not concerned

2% Don't know

Source: CRF New Realities Member Survey 2022

- **The role of unions.** Some organisations are working with unions to help them understand the necessity of creating different schemes for different groups of workers, rather than applying the same rules to all.

- **Legality.** Organisations need to be aware of any potential conflicts with non-discrimination legislation as they formulate rules, guidelines and expectations for future ways of working for different groups. As Senior Associate Furat Ashraf of Bird & Bird explains, *"When implementing remote working policies, it is important to be mindful of employees' individual circumstances in order to avoid any allegations of indirect discrimination. In particular, where an employer takes the approach of applying different policies to different groups of employees, it should consider carefully whether this may have the unintended effect of disadvantaging a group of individuals that share a particular protected characteristic and, if so, whether such an approach can be objectively justified."*

Our findings reflect those being reported in the broader literature. For example, Mercer's 2022 *Global Talent Trends* report finds that a key workforce challenge among frontline workers is unhappiness with perceived inequity as compared to those workers who have remote/hybrid options; the chief challenge among knowledge workers, on the other hand, is burnout.

Of course, fairness isn't just about achieving balance for office and non-office employees. Our research identified several other key fairness-related flashpoints:

- **Unequal application of guidance or policies.** Some report that managers in their organisation are applying guidance or policies differently from one another (e.g. some managers are more flexible, while others are more rigid in their interpretations), and some managers are even applying guidance or policies differently to different direct reports.

- **Bias against remote workers.** Leaders in some organisations are reported to be showing bias toward/giving more favourable treatment to those employees who wish to be onsite.

- **Seniority-related challenges.** Some organisations report that achieving equity between more senior (and generally older) employees and more junior (and generally younger) employees is a challenge. More senior employees often have more and better space for homeworking as compared to more junior employees, thus exerting greater pressure on more junior employees to return to the office.

- **Pay-related complaints.** One research participant shared that some employees who choose to be in the office five days a week, and therefore spend more money on travelling into the office, feel that they deserve more of an increase than others.

Having established that fairness is an issue, we explored what companies are doing to address it.

With respect to ensuring fairness between those who have the option to work from home and those who do not, we find that, in general, companies are trying to find equivalent flexibilities for non-office-based employees. For example, recall that Virgin Money (see **page 34**) has introduced flexible locations for store-based staff, which is improving individual wellbeing and knowledge transfer within the organisation. Another organisation has listened to its operational workforce who sought more flexibility in their working week and implemented a four-day week (with a 4 x 10-hour shift pattern), as well as various improvements in the workplace such as improved rest facilities and onsite Wi-Fi. See the Case Note, **page 37**, for a closer look at how one company is establishing equity between different segments of their workforce.

Our research also surfaced the following general practices for promoting a sense of fairness and equity between multiple segments of the workforce.

- **Ensure equal treatment for remote employees.** The sharing of learning and development opportunities, the way performance reviews are conducted, and the general application of guidance or policies should be monitored and evaluated to ensure equity between remote (or mostly remote) and office-based (or mostly office-based) staff.

- **Offer an enhanced office experience.** One way to tackle resentment related to homeworking inequities is to make the office a more attractive alternative. Some organisations are looking at improving facilities, adding more social activities and areas, widening access to Wi-Fi and so on for site-based staff. See Section 4 of this report for further insights on how employers are making the office a desirable place to be.

- **Foster connections between office-based and remote workers.** Organisational culture in the hybrid future will look different. The quality of technology, how relationships are built and maintained, and communication practices are all vital for building a fair, inclusive culture in which different segments of the workforce feel connected and 'in it together'.

  - Invest in good technology to enable seamless communication and inclusive working. For example, Monika Khullar, Vice President HR Sectors & Decarbonisation and UK at Shell, explained that when meetings are held with the option of in-person/virtual between office-based and homeworking staff, attendees joining in person are encouraged to continue to use their individual computer screens for video to avoid creating a sense of 'us' and 'them' and ensure a better meeting experience for virtual participants. Teams, Zoom, Mentimeter and various survey tools such as Peakon were examples of technology employed by different organisations.

  - The physical separation of staff in hybrid models can make relationship-building difficult, so extra care is needed to develop habits that help people build and maintain good relationships, both in-person and remotely. Consider scheduling all-team socials or away days, and think about creative ways to foster relationships in virtual spaces. For example, The Open University has used off-site venues for team meetings in locations convenient to the particular team, to make it easier for team members to attend.

  - Audit communication practices. What's working, and what's not? Are meetings being conducted through video conference when a phone call will suffice? Are there good informal digital communication channels, such as Slack? Is there clarity around the hours people are expected to be available, and the speed with which they are expected to respond?

CASE NOTES:
ENSURING FAIRNESS AT **PZ CUSSONS**

PZ Cussons, a manufacturer of personal healthcare products and consumer goods, has made a concerted effort to bridge the gap between the experiences of those employees who can work from home and those who cannot. Key to their strategy is offering flexible alternatives to their operational and customer-facing roles.

Matt Stripe, Chief Human Resources Officer, shared the company's approach.

- Non-financial benefits are replicated as much as possible, for example by offering free food and gym memberships to factory-based workers who do not have access to office canteens or gyms. All employees have been given greater access to learning and development opportunities.

- Upgraded healthcare packages have been offered to individuals and their families.

- The bonus scheme has been altered to include short-term incentives in each factory.

"These are changes that have stuck," Stripe explained. *"Rather than trying to replicate a different way of working, we've tried to put more of a package around the experiences of different segments of the workforce. Operational and customer-facing employees can't work in the same way; however, they are just as important to us. Particularly in markets like Nigeria, the healthcare upgrade has gone down incredibly well."*

"It's challenging to support everyone with their individual wishes and needs against the needs of projects, leadership and the organisation. How do we make it fair and inclusive?"

RESPONDENT TO CRF SURVEY

> *"Our non-factory and store-based colleagues have operated from home because we were in a crisis – there was no option and we had to adapt – but we're hardly out of the crisis yet. We don't feel that it's right to make binding policy decisions now as it is simply too early, with so many uncertainties and unknowns, because if you do, it's unlikely that you can go back on them, or at least it will be very hard to do so. We are continuing to learn and adapt."*

SUE WHALLEY, CHIEF PEOPLE AND PERFORMANCE OFFICER, ASSOCIATED BRITISH FOODS (ABF)

7.0
POLICY VS GUIDANCE – A SHIFT IN PRACTICE FOR HR?

The pandemic required HR to make decisions and develop policies and guidance in a matter of days, that under normal circumstances would often take months and require extensive consultation and testing. While the situation meant companies had to act quickly, decisions made in the short term may have led to undesirable outcomes longer-term. For example, guidance being implemented in different ways by different managers or unequal treatment of staff across teams building up over time. Karen Ward at The Open University explained, *"HR had to challenge traditional assumptions and conduct moderating conversations to ensure that approaches were fair."*

The need for flexibility and responsiveness signalled a shift in HR's approach, away from developing policies which set out clear rules to follow towards more flexible guidance, which is interpreted and implemented according to manager discretion.

As Amanda Nelson, Group Human Resources Director at QinetiQ, told us, *"We developed what we call adaptive working. This is not a policy but a set of principles; we have tried adopting a flexible approach encouraging managers to use greater judgement. This has been a transition for us all and we have put together a set of FAQs, which managers or any team member can use to work through, giving guidance on when, where and how it is best to work, to achieve a particular outcome for each individual."*

See the Case Notes on **page 40** for additional examples.

The questions we tackle in this section are:

- Does this signal a permanent shift in HR practice, or was this simply a case of 'needs must' during the pandemic?

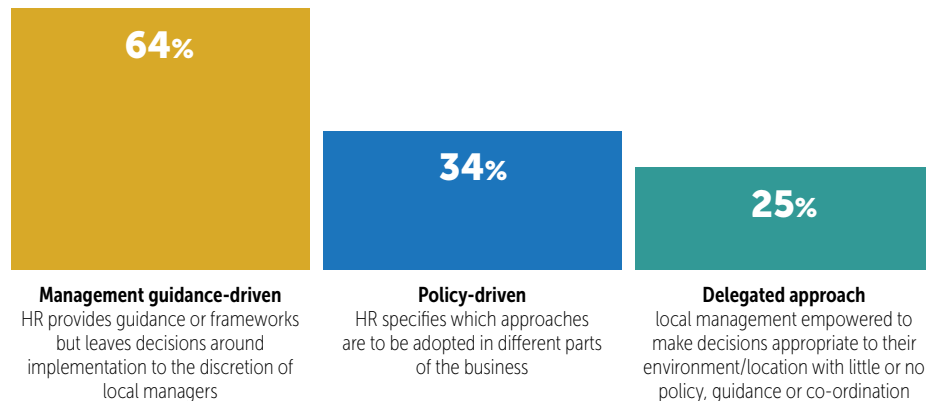- What are the risks if HR proceeds down the 'guidance' path and how should we mitigate them?

Our survey data show that, during the pandemic, HR professionals chose to issue guidance around embedding new working practices rather than amend HR policies. 64% of respondents chose to issue management guidance, which sets a common framework but leaves decisions around implementation to the discretion of local managers. This allowed them to maintain flexibility and avoid setting new working practices in stone. See Figure 11 below.

This approach makes sense, as in periods of high uncertainty companies need to be careful not to make irreversible decisions. One way of thinking about this, suggested by Dr. Grace Lordan, Associate Professor at London School of Economics, is to contrast single-door and reversible door decisions.

- High-stakes decisions are single-door decisions: they can be thought of as a door that you enter and can't go back. Examples would include capital investments, appointments to senior roles or acquiring a competitor. Single-door decisions require high levels of scrutiny, analysis and consultation, as once the decision is made, it can't be undone.

FIGURE 11

What has been your main approach for rolling out and embedding new working practices?

64% — **Management guidance-driven**
HR provides guidance or frameworks but leaves decisions around implementation to the discretion of local managers

34% — **Policy-driven**
HR specifies which approaches are to be adopted in different parts of the business

25% — **Delegated approach**
local management empowered to make decisions appropriate to their environment/location with little or no policy, guidance or co-ordination

Source: CRF New Realities Member Survey 2022

- Lower-stakes decisions are reversible-door decisions: they can be thought of as a door you enter but can reverse back through if changing circumstances mean you need to go in a different direction. In organisations, adopting a new guidance framework around working practices would be an example of a reversible-door decision.

One of the challenges for organisations is how to decide which types of decisions are single door and which are reversible door. When the context is in a high degree of flux, it is sensible to avoid making too many single-door decisions, as this limits the capacity to manoeuvre as the situation changes. This is exactly what we saw in the pandemic as organisations avoided making irreversible policy decisions and focused on providing more flexible guidance.

As we move forward, most organisations remain reluctant to commit to permanent policy changes as working practices are still settling down and their impact on performance and organisation culture has yet to fully play out. Instead, HR teams are focusing on developing flexible guidance which can be adapted according to circumstances and applied and implemented at the discretion of local managers. As we discuss in Section 4, this approach is often underpinned by an experimental approach. Some companies are running different experiments in various parts of the business. These are evaluated and the best ideas are rolled out into other parts of the organisation.

However, it is important for HR to be aware of the risks posed by proceeding down the 'guidance' path. The following questions should be considered:

- Are managers equipped to make fair decisions with only guidance? Do they feel confident to make those decisions?

- What training and/or support might HR need to provide to managers? Is HR set up or skilled to provide that input?

- Is HR monitoring the fairness with which guidance is being applied and taking action where issues arise? Is HR able to access and analyse data about what's happening in practice?

- Is HR prepared for any accusations of bias and unfair treatment?

Some organisations also report they are experiencing 'push-back' from line managers, who would prefer more granular information and clear policy direction. *"Some people are fine with having a playbook with principles and some handrails,"* said Shell's Monika Khullar. *"Others really want granularity. So we're having to navigate between these positions while recognising you can't force one-size-fits-all given diverse populations and needs."*

Are companies likely to stick with the guidance-based approach once the pandemic is over?

Estelle Hollingsworth says that the principles-based approach is here to stay for Virgin Atlantic. *"We haven't gone down the policy route; it's all about our principles of Trust, Flexibility and Empowerment. We're basing everything on these principles now, so that it is much more about an understanding and trusting people to do what they think is right. It's working really well for us."*

CASE NOTES:
SHARING GUIDANCE TO ROLL OUT NEW WORKING PATTERNS

Our research highlights some of the different approaches companies have taken to rolling out new working practices.

- **Fidelity International** created a Dynamic Working guide (for everyone) which sets out the principles of Dynamic Working and how it works, and a brochure (for managers and leaders) on team patterns.

  - The Dynamic Working guide includes additional scenario-based guidance for managers. Sarah Kaiser explained: *"For example, 'what do I do if my team member says they don't want to come back to the office? What can I say?' We've got so many resources and training out there about how to have effective hybrid team meetings or similar."*

  - The brochure *"sets out what patterns of coming to the office we think might work for different teams, depending on the function of your team,"* Kaiser explained. *"So if you're a team that meets a lot with clients, that collaborates closely, that's quite events-driven, whether it's better for you to come in one day a week, or one week a month for a few days, or ad hoc or whatever it might be. Or if you've got a lot of new members or junior members who might need more training and development, because that's a group we found really benefits from being in the office more, then you might want to be in more. So it helps people understand what's the best sort of pattern for their team."* While managers have flexibility and discretion, the team patterns brochure provides some options to help them sharpen their thinking around what they need.

  - Manager training has also formed part of the rollout. *"We rolled out manager training in leading the hybrid world,"* Kaiser said. *"It's getting really good feedback, helping managers understand what they should and shouldn't do, what they can and can't decide, what's in their control and what's not appropriate."*

- **Shell** developed a Future of Work playbook that was made available to all employees and managers, defining the principles, providing hand rails to bring to life what future of work would look like and what this means for people policies and use of physical space in offices. A line manager section provides guidance for managers on how to lead hybrid teams and scenarios to support line managers to have conversations on hybrid working patterns balancing, team, business and individual needs. The HR team also runs drop-in clinics where managers can receive support on the application of the playbook, raise dilemmas and learn from other managers.

> *"We've got manager training in leading the hybrid world... it's getting really good feedback, helping managers understand what they should and shouldn't do, what they can and can't decide, what's in their control and what's not appropriate."*
>
> **SARAH KAISER, HEAD OF EMPLOYEE EXPERIENCE, FIDELITY INTERNATIONAL**

- **Virgin Money** has concentrated on an experiential approach. Over the course of eight months, every part of the business went through a series of workshops and activities to plan new team rhythms. This included three workshops to help people leaders get comfortable with more flexible working and to understand the principles of A Life More Virgin. The critical element was the Team Rhythm – teams coming together to determine how they would operate at their best e.g. time for team meetings, blackout time for meetings, time in the office etc. This was agreed by teams, creating as much flexibility as possible while also ensuring colleagues understand their responsibility to the collective. After agreeing Team Rhythms, each colleague would agree personal working practices with their people leader, having used a tool (Work-Happy) to understand their priorities in work, and their level of satisfaction. These practices are then reviewed every six months as part of performance management.

- **Camelot Group** took a data-driven approach. It worked with an external consultancy to survey employees' experience of hybrid working. As well as regular pulses to understand how employees were feeling about different aspects of the work experience, the company ran a one-off survey to understand employees' levels of satisfaction with their homeworking experience, what activities made up their working week and how effectively they were able to do their jobs. *"We gathered data around people's working patterns and how they were thinking about the office in the future,"* said Rachel King. *"We're now empowering managers to work out with their people based on their needs. It's quite hard for managers who are used to being told what are the rules, so we are investing in equipping managers to have good conversations with their teams about their working patterns."*

THE REALITIES OF THE
NEW WORKING ENVIRONMENT

This section sets out the key conclusions of our research and highlights recommendations for HR practitioners navigating the new ways of working.

CONCLUSIONS

▶ Necessity drove the adoption of many new ways of working during the pandemic. Organisations are now taking the opportunity to evaluate outcomes and make deliberate choices about what practices to retain, adapt, or discard as we move into post-pandemic ways of working.

▶ Organisations are taking a wide variety of approaches to the process of designing future ways of working. Some organisations are keeping all of the practices they adopted during the pandemic, until business need dictates otherwise. Others are reverting back to pre-pandemic ways of working. Exceptionally, some organisations are taking a deliberately experimental approach, designing and evaluating different potential practices. In general, many HR leaders reported that their organisation is taking a cautious approach, noting that it is too early to make any hard or fast rules around future ways of working.

▶ Acceptance of remote working appears to now be settled. The pandemic showed that remote working is feasible and can be achieved productively. While we can expect some return to office-based working in the near future, few organisations are likely to return to pre-pandemic levels. However, the precise balance between home and office days, the locations from which people work, and the degree of personal choice employees will have with respect to hours and days remain in flux.

CONCLUSIONS AND
RECOMMENDATIONS

▶ People-centric policies and practices came to the fore during the pandemic, in particular with regard to employee health and wellbeing, and that shift is here to stay. We are seeing an increased emphasis on psychological safety, greater acceptance of discussing formerly taboo topics, and ongoing monitoring of employee wellbeing, together with training for managers to better support their teams' wellbeing.

▶ The pandemic saw a shift away from prescriptive policies towards looser, principles-based guidelines implemented at line managers' discretion. As we move toward post-pandemic working, this may be a change in practice that is here to stay. However, there are risks in proceeding down this path, and HR should monitor and address any unintended consequences. Fairness and manager capability to effectively interpret and manage guidance are two areas of vulnerability.

▶ The role of line managers and leaders is, as always, key. Managers need to understand that their personal choice around working arrangements is only part of the story; they have a responsibility to their teams who may have a need for more personal interaction or face-to-face coaching to support their performance and development, and managers need to flex their own preferred patterns to accommodate this.

▶ Technology became a key enabler of new working practices during the pandemic. Technological solutions improved over the course of the pandemic – in fact, they are continuing to improve all the time – but people's skills to use the new technology are lagging behind. Organisations are still working out technology-enabled hybrid working rules (for example, how to conduct hybrid meetings), and there is work to be done to bring people up to speed with new norms.

▶ Employers are more eager than employees to return to the office. To attract people back, employers are adopting strategies including articulating a compelling purpose for being in the office, making the physical working environment attractive and fit for purpose, communicating skilfully, and using incentives. We should try to understand and articulate where there is a premium for personal interaction and let that drive decisions on location of work.

▶ Employers are concerned about fairness between employee groups who can work remotely and those whose work requires them to be onsite. Organisations are finding creative ways of listening to employee views and are adapting their employee value propositions to meet the needs of different workforce groups.

▶ Few organisations seem to be acting, yet, on the potential unintended consequences of institutionalising new ways of working. And while collaboration and fairness are top of mind, less attention is being paid to the impact that hybrid working might have on innovation and learning. Although companies have claimed that productivity has improved due to hybrid or remote working, to what extent are we able to measure this? HR will need increasingly to turn its attention to these concerns as new ways of working become embedded, and seek data to reinforce anecdotal evidence.

We suggest employers consider the following points as they continue to evolve future ways of working.

RECOMMENDATIONS

▶ **Be clear and thoughtful about the principles you use to guide your actions.** These may have been adopted in haste during the pandemic. Listen to employee feedback and be ready to re-evaluate principles with the leadership as the situation develops.

▶ **Balance business and employee needs.** Employees are not the only stakeholders to have suffered during the pandemic. Customers in particular have experienced disruption. Make sure the voice of the customer and wider business needs are also taken into account in developing new ways of working.

▶ **Take your time, and be willing to experiment with different alternatives.** Take a structured approach to evaluating potential future working practices, and acknowledge that it will take time to find the right answers for your organisation. Frequent and transparent communication about the experimental nature of this period can help manage employees' expectations and ease the transition to future ways of working. Continue to build banks of data to support future decisions.

▶ **Keep a finger on the pulse of employee wellbeing and continually evolve your response as issues emerge.** Many organisations we spoke to have made the transition to frequent, pulse surveying around employee wellbeing. This is enabling them to quickly respond to new issues as they emerge. For example, many organisations are already seeing an uptick in reports of burnout and are looking at how they can better support their people, for example through resilience education and training.

▶ **Invest and engage in employee listening to help shape responses as you learn what works for your business.** Employee listening can surface issues related to wellbeing, but can also enhance organisations' picture of how new practices are landing, perceptions of fairness, and whether communications are effective.

▶ **Treat the return to the office as a change management scenario.** Use change management approaches to involve people in designing the organisation's future ways of working and to support the psychological transition that returning to the office requires. Have you applied social scientific principles of behaviour change to your return-to-office planning? People have spent more than two years developing new habits; have you identified practical tools that can support behaviour change in your context, such as role modelling, defaults, or fresh starts?

▶ **Make compelling arguments in favour of the return to the office.** Don't simply rely on buzzwords like 'collaboration'. Help people understand the value of the office by articulating why and for whom office working has value. For example, 'graduate hires will really benefit from the informal learning provided through face-to-face interaction' is a more compelling argument for coming to the office than 'we need to collaborate more'. Be attentive to the needs of different groups and make decisions based on the nature of work in each case.

▶ **Provide clear, data-informed guidance/standards to help leaders find good and sustainable answers to the unsettled questions about future ways of working.** HR should try to understand underlying effects of new working arrangements on key capabilities such as productivity, collaboration, innovation and overall company performance.

- How are you measuring productivity and organisational performance?
- What are the key organisational imperatives for you and how are these affected by new working patterns?
- How do you judge employee sentiment and balance this against business imperatives?
- What does your organisation really value and how are new working patterns affecting this?

▶ **Support managers and leaders to make decisions in the best interests of their teams' and business's needs** rather than on a personal basis. Be prepared to intervene where managers are not acting responsibly, or where there are concerns about risks to the business.

9.0
APPENDIX

RESEARCH PARTICIPANT LIST ///

Jonathan Crookall, Chief People Officer, Costa Coffee

Martyn Fisher, Global Head of Reward, Fidelity International

Estelle Hollingsworth, Chief People Officer, Virgin Atlantic

Sarah Kaiser, Head of Employee Experience, Fidelity International

Monika Khullar, Vice President HR Sectors & Decarbonisation and UK, Shell

Rachel King, Group HR Director, Camelot Group

Francis Lake, Former Head of Organisation Development, Virgin Money, and OD expert

Nola Lenaghan, Air & Space Head of HR, QinetiQ

Geoff Lloyd, Chief Human Resources Officer, Meggitt

Neil Morrison, Group HR Director, Severn Trent

Amanda Nelson, Group Human Resources Director, QinetiQ

Matt Stripe, Chief Human Resources Officer, PZ Cussons

Karen Ward, OD Director, The Open University

Sue Whalley, Chief People and Performance Officer, Associated British Foods

REFERENCES AND READING LIST

Barreiro, Jose Maria, Bloom Nicholas and Davies, Steven J. *Why Working From Home Will Stick.* National Bureau of Economic Research, NBER Working Paper No. 28731. April 2021. nber.org

Bird & Bird. 2022. *The Workforce of the Future: Business Protection in a Covid-impacted World.* https://www.twobirds.com/-/media/new-website-content/insights/pdfs/workforce-of-the-future_business-protection_v06.pdf

Bird & Bird. 2022. *The Workforce of the Future: Employment Structures.* https://www.twobirds.com/-/media/pdfs/news/articles/2022/workforce-of-the-future-employment-structures-heatmap.pdf

Bird & Bird. 2022. *The Workforce of the Future: Working From Anywhere and the Global Employment Market.* https://www.twobirds.com/en/twobirds-tv/Workforce-of-the-Future-Working-from-anywhere-and-the-global-employment-market

Collington, David. 2021. *Lack of Workplace Flexibility Will Prompt a Third of Employees to 'Vote with Their Feet' and Swap Jobs.* Barnett Waddingham. https://www.barnett-waddingham.co.uk/comment-insight/news/lack-of-workplace-flexibility-prompts-employees-to-swap-jobs

Connor, Jerry and Karim Hirani, Karim. 2020. *The Four Greatest Coaching Conversations: Change Mindsets, Shift Attitudes, and Achieve Extraordinary Results.* Boston: Nicholas Brealey Publishing

Corporate Research Forum. 2021. *Permanent Flexibility: Reimagining Remote Working Post-Covid.* https://www.crforum.co.uk/research-and-resources/remote-hybrid-working-post-covid

Gulati, Ranjay. 2022. *The Great Resignation or the Great Rethink?* Harvard Business Review. https://hbr.org/2022/03/the-great-resignation-or-the-great-rethink

Hey, Thomas. 2022. *The Future of Remote Work: An Overview of Issues Relating to Remote Working Across Countries.* Bird & Bird. https://www.twobirds.com/en/insights/2022/global/the-future-of-remote-work

Jesuthasan, Ravin and Boudreau, John W. 2022. *Work without Jobs: How to Reboot Your Organization's Work Operating System.* Boston: The MIT Press. https://www.workwithoutjobs.com

Kelly, Jack. 2021. *Apple Employees Wrote a Letter to CEO Tim Cook Saying Why They Don't Want to Return to the Office.* Forbes. https://www.forbes.com/sites/jackkelly/2021/06/05/apple-employees-wrote-a-letter-to-ceo-tim-cook-saying-why-they-dont-want-to-return-to-the-office

Mercer. 2022. *Global Talent Trends.* https://www.mercer.com/our-thinking/career/global-talent-hr-trends.html?bsrc=mercer

Mercer. 2022. *Leading the People Function: Five Key Attributes of Chief People Officers – Whether Day One, 100, or 1,000.* https://www.mercer.com/our-thinking/leading-the-people-function.html?bsrc=mercer

Microsoft Work Trend Index 2022. *Great Expectations: Making Hybrid Work Work.* March 16, 2022. https://www.microsoft.com/en-us/worklab/work-trend-index

Office for National Statistics. 2021. *Homeworking in the UK Labour Market: 2020.* https://www.ons.gov.uk/releases/homeworkingintheuklabourmarket2020

Parker, Kim and Juliana Menasce Horowitz. 2022. *Majority of Workers Who Quit a Job in 2021 Cite Low Pay, No Opportunities for Advancement, Feeling Disrespected.* Pew Research Center. https://www.pewresearch.org/fact-tank/2022/03/09/majority-of-workers-who-quit-a-job-in-2021-cite-low-pay-no-opportunities-for-advancement-feeling-disrespected

Pillans, Gillian. 2014. *Storytelling – Getting the Message Across.* Corporate Research Forum. https://www.crforum.co.uk/research-and-resources/storytelling-getting-the-message-across-2

von Rohr, Carmen. 2022. *Applying Social Science to Behavioural Change.* Corporate Research Forum. https://www.crforum.co.uk/research-and-resources/research-applying-social-science-to-behavioural-change

von Rohr, Carmen. 2020. *Let's Get (Beyond) Physical – Crafting a Multidimensional Approach to Employee Wellbeing.* Corporate Research Forum. https://www.crforum.co.uk/research-and-resources/research-report-lets-get-beyond-physical-creating-a-multidimensional-approach-to-employee-wellbeing

World Economic Forum. 2022. *Good Work Alliance.* https://www.weforum.org/projects/partnership-for-new-work-standards