CORPORATE RESEARCH FORUM

THE NEW DEAL AT WORK

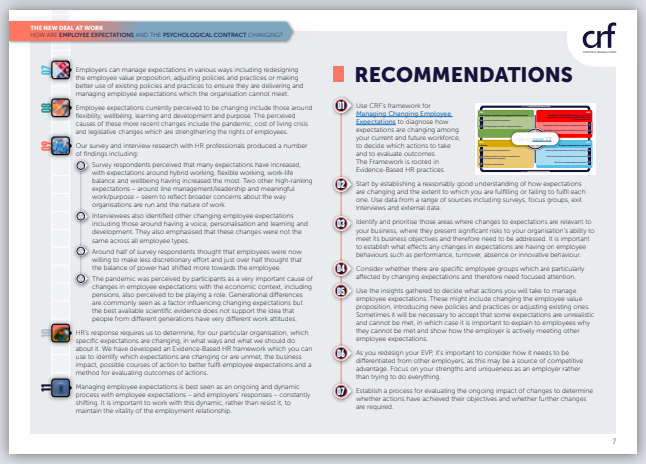
HOW ARE EMPLOYEE EXPECTATIONS AND THE PSYCHOLOGICAL CONTRACT CHANGING?

On 16 September 2025, CRF hosted senior HR practitioners for the event, **The New Deal at Work: How is the Psychological Contract Changing?** The discussion explored how the psychological contract and employee expectations may be shifting, what is driving those changes and how HR can respond effectively.

WATCH THE ONLINE EVENT:

THE NEW DEAL AT WORK – How are Employee Expectations and the Psychological Contract Changing?

For further insight into the key takeaways of this research, please refer to pages 6 and 7 of the research report here.



PRACTITIONER QUESTIONS

The below questions are designed to help participants reflect on and apply what they have learned from the event, either individually or with their teams:

1. Which expectations are changing vs. simply louder in the discourse?
2. What are our best evidence sources that tell us how employee expectations may be changing?
3. Are we also listening to potential future employees and the external labour market?
4. Are the questions we ask employees neutral – or do they prompt desired answers?
5. Which segments *(frontline vs. office, scarce skills, life stage, socio-economic factors)* show different patterns?
6. For expectations that we cannot meet, how will we say "no" clearly and kindly?
7. Can we flex existing policies before launching new ones?
8. Are managers' jobs designed to give them sufficient time to manage employee expectations?
9. Where might we safely enable job 'crafting' – small-scale job adaptation driven by the individual?
10. Which aspects of our employee offering can be easily personalised – and which can't?

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01 CRF RESEARCH OVERVIEW

EMAIL

SLIDES

ROB BRINER is Professor of Organizational Psychology at Queen Mary, University of London and Associate Research Director CRF. He is also currently a Visiting Professor of Evidence-Based HRM at Birkbeck (University of London) and Professor at Oslo Nye Høyskole. He was previously co-founder and Scientific Director of the Center for Evidence-Based Management and has held positions at the Institute for Employment Studies, London School of Economics, Kings's College (University of London), Bath University and University of Edinburgh. His research has focused on several topics including wellbeing, emotions, stress, ethnicity, the psychological contract, organisational culture and climate, absence from work, motivation, work-nonwork and everyday work behaviour.

EMPLOYEE EXPECTATIONS AND THE PSYCHOLOGICAL CONTRACT

THE HISTORICAL CONTEXT

CRF's research highlighted how changing employee expectations are best understood in historical context:

- Perceptions of 'changing' employee expectations are long-standing, yet the core employment relationship is broadly stable.
- We tend to overweight what feels new and underweight continuity (e.g. UK/US job satisfaction has been relatively steady for two decades).
- Shifts vary by context, sector, role and life stage – post-Covid hybrid debates skew to knowledge workers. Therefore overall, assuming dramatic, universal change risks over-correction.

HOW AND WHY ARE EMPLOYEE EXPECTATIONS CHANGING?

- Expectations commonly perceived to be changing include flexibility and work-life balance, wellbeing, organisational purpose and what is expected of leadership. Often cited reasons for these shifts include the pandemic, the role of work in life and the cost-of-living crisis.
- Many of these drivers sit outside an organisation's direct control. Employers can manage their effects but cannot easily change them, and expectations do not always stem from direct experiences with the employer.
- High-quality longitudinal evidence is limited and many observed shifts apply primarily to white-collar knowledge workers.

MANAGING EMPLOYEE EXPECTATIONS

Employee expectations shape employee behaviour in two ways:

1. Meeting expectations likely leads to positive outcomes such as greater motivation, higher satisfaction and lower intention to quit.
2. When expectations aren't met, the opposite effects are likely.

THE THEORY OF MANAGING EMPLOYEE EXPECTATIONS

First, organisations need to understand:

- Which expectations are changing (if any).
- If this increases unmet expectations.
- Whether this affects business-critical behaviour.

Then organisations can manage these expectations in several ways, including:

- Redesigning the EVP to better align employee expectations with organisational goals.
- Introducing new policies and practices – or making better use of existing ones.
- Managing expectations that cannot be met.

CHANGING EMPLOYEE EXPECTATIONS: SURVEY AND INTERVIEW RESULTS

- CRF's survey of over 120 respondents found that hybrid/flexible working and work-life balance were the biggest perceived shifts. Respondents also reported change across all areas surveyed.
- How do we know expectations are changing? Respondents identified a number of sources of information, including employee data and other observations at work, perceived generational difference and perceived wider societal changes.
- The survey also showed an overall sense that discretionary effort is declining; over 50% believe employees now want to make less, while around 40% think it is about the same. Over 50% felt the balance of power had shifted towards employees, while 16% said it had shifted towards employers.
- CRF's 22 research interviews echoed the perceived change in increased demand for flexibility, wellbeing, work-life balance, employee voice, personalisation and learning & development, as well as a decrease in demand (from both employees and employers) for jobs for life.
- Overall, the research highlighted that expectations are not changing uniformly and shifts vary by role, sector and employee group.

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TOOLS AND TECHNIQUES TO MANAGE CHANGING EMPLOYEE EXPECTATIONS

This framework ties HR activity to evidence of what works, with the overall aim of supporting the organisation to better meet its goals. Applied to employee expectations, it involves four stages:

1. Identify which expectations are changing and which are unmet.
2. Assess how these changes and unmet expectations are significantly affecting behaviours relevant to the business.
3. Use appropriate techniques to manage and better fulfil employee expectations, including:
   - Prioritising which expectations you will address and why (many may be outside your control).
   - Deciding what to do about expectations you cannot meet – for example, explaining why they cannot be met, highlighting how the organisation meets other expectations, and ensuring employees clearly understand what you are offering.
4. Evaluate the effectiveness of actions and adjust where necessary.

ACTIVITIES TO MANAGE CHANGING EMPLOYEE EXPECTATIONS

FLEXIBLE OR HYBRID WORKING

- Formalising hybrid working arrangements, often with set office attendance requirements *(e.g. 40% in-office, 2-3 days per week, monthly minimums)*
- Tightening of existing policies *(e.g. more monitoring)*
- Expanding flexibility *(e.g. periods of working abroad, condensed work weeks)*
- Support for returning parents

WELLBEING OR WORK-LIFE BALANCE

- Revising flexible working policies *(e.g. making more generous, reduced working hours)*
- Wellbeing initiatives *(e.g. health services, wellness programmes, menstrual leave, developing wellbeing agendas with employee resource groups)*

EMPLOYEE VALUE PROPOSITION

- Developing, launching or reviewing the EVP to ensure it remains competitive and aligned with organisational culture
- Strengthening employer branding through dedicated teams
- Highlighting the EVP in recruitment materials and internal communications

CAREER DEVELOPMENT / PROGRESSION

- Launching or refreshing career frameworks and development pathways
- Increased focus on learning and development through dedicated weekly learning time each week
- New learning offers *(e.g. AI and nudge-based learning, cost-driven expansion of internal training, online learning platforms)*
- Introducing new or enhanced leadership and talent programmes

INDIVIDUALISATION / PERSONALISATION OF THE DEAL

- Flexible benefits *(e.g. personalised portals, wellbeing options, financial coaching, personalised learning budgets or coaching)*
- Career agility opportunities *(e.g. project moves or secondments)*
- Tailored hybrid/remote work arrangements
- Line managers encouraged to adapt policies to individual needs

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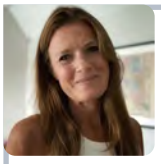
02 PANEL DISCUSSION



LINKEDIN

PHILIPPA BONAY a Fellow of the CIPD, one of 2020's UK 50 Leading Lights in Kindness and Leadership and *HR Magazine's* most influential practitioners, Philippa has extensive international corporate experience across the whole HR remit in both the private and public sectors. As People & Business Services Director for the ONS (6,000 people), she is responsible for human resources, estates, facilities management, H&S, business services and the customer contact centre. She is also the HR Director for the Government Analysis Function (17,000 people) and the Government Statistical Service, a member of the Civil Service HR Function Board and the lead for Civil Service People Analytics and Data.

LINKEDIN

NEIL MORRISON joined Severn Trent in August 2017 as Director of Human Resources and has responsibility for the HR as well as the internal and external communications teams. Neil started a career in HR management in 1996 and has worked across a range of different sectors and FTSE 100 companies, including Rentokil Initial and GUS (which latterly became Home Retail Group). Before joining Severn Trent, he led the merger that created Penguin Random House, the world's largest trade publisher.

LINKEDIN

TIM WALKER-JONES is Chief Learning Officer for Anglo American PLC, leading the capability agenda for 100,000 colleagues globally. Tim joined Anglo American as the Group Head of Reward and later moved to be Group Head Future of Work, leading Anglo American's long-term thinking on the changing nature of work and how to get the organisation, the workforce and wider society ready for a technologically advanced future. Tim's interest sits at the intersection of technological development, societal change and the role of the company within society.

Panellists **Philippa Bonay, Neil Morrison** and **Tim Walker-Jones** discussed how and why employee expectations are changing, what this means for organisations and people professionals and practical ways to manage shifting expectations.

Q What are the implications of changing expectations for people professionals?

A *It's crucial to set culture through being clear on what managers are there to do. Job design is also key, ensuring that enough time is built into leadership and management roles to lead and manage others.*

A *Honesty – which is at the heart of the psychological contract – remains important. Dissatisfaction often stems from employees believing they have been promised something which then does not materialise (e.g. post-Covid shifts in previously stated arrangements). Be clear and honest about what is changing and why, and explain any differences across groups.*

Q Which employee expectations appear to be changing?

A *Certain expectations – such as for flexibility and wellbeing – have long been evolving but were accelerated by the pandemic. Pandemic-era ways of working have persisted long enough to become, for some groups, a set expectation that is hard to unwind.*

A *Patterns are uneven by role, socio-economic background and labour-market power. Knowledge-worker narratives dominate debate, yet fewer than 40% of UK workers can work remotely; quieter voices are easily overshadowed.*

A *Demand for learning, development and involvement in decision-making is increasing. And pressure on public healthcare is prompting more requests for employer support.*

Q What might be driving these changing expectations?

A *Echo-chamber dynamics amplify loud voices and can skew perceptions of what 'most employees' want.*

A *The employment 'deal' has been altered and formalised over time (e.g. pensions changes, new policies, works-council agreements), raising baseline expectations and shifting what employees may want.*

A *Heightened macro tension fuels anxiety. This is worsened by frequent disruptive decisions that organisations make, such as unnecessary reorganisations or rebrands. Much post-Covid friction reflects how organisations managed the period, not the short lockdown itself.*

Q How can organisations better manage employee expectations?

A *Start with a clear problem and purpose – what are you trying to achieve, what kind of organisation do you want to be, and have you strayed from that? Identify strengths and amplify them.*

A *Listen thoughtfully to surface priorities rather than trying to do everything for everyone and include voices outside the organisation – not just current employees. Use qualitative and quantitative analysis (e.g. segmented by tenure, background, role) to understand different priorities.*

A *Be clear when the answer to an employee request is no – say it kindly and empathetically, but without spin or ambiguity. An early, unambiguous 'no' helps people understand the boundary; many are reasonable when they receive a clear, respectful response. Similarly, set expectations upfront – early clarity lets people decide whether the organisation is right for them.*

A *Avoid initiative overload: make better use of what already exists, improve the quality of conversations and take a system-wide view that anticipates knock-on effects (e.g. pension changes).*

Q How can organisations segment and personalise their approach for different employee expectations?

A *Personalisation will likely be different in different areas of the business – learning can more straightforwardly be highly personalised, whereas other areas like reward may be less likely to suit strong personalisation. The shift from collectivism to greater individualisation has meant that organisations are now having to balance a diverse range of personal preferences.*

A *'Stay interviews' can be a good opportunity to sit down and understand what keeps people and why they might want to leave.*

03 GENERATIONAL DIFFERENCES IN THE WORKPLACE: FACT OR FICTION?

EMMA PARRY is Professor of Human Resource Management and Head of the Changing World of Work Group at Cranfield University. She is a recognised expert in HRM, particularly in relation to the impact of the changing external context on work, the workplace and the workforce. She was named in the top 5 Influential HR Thinkers by *HR Magazine* in 2022 and has worked with a range of organisations across the private, public and not-for-profit sectors to help them to take a more evidence-based approach to considering the future of work.

EMAIL

The idea that people fall into distinct 'generational' categories with different preferences based on birth year persists. It rests on the premise that the time and place we grow up shape priorities and expectations that differ from earlier cohorts. However, the evidence supporting this view is mixed at best:

- There's no consensus on how to define generations or their traits.
- Studies rarely separate cohort (born-when) effects from age/life-stage or period (time) effects.
- Assuming a generation is uniform is flawed: geography, context and class matter, and within-generation differences often exceed between-generation ones.

A more useful way of thinking about the workforce involves acknowledging the following:

- Work is changing (e.g. technology, business models, norms, policy), so attitudes evolve over time – but the evidence suggests these are long-term trends experienced across all groups, rather than split generationally.
- Preferences also shift with age and life stage.
- Core wants – such as flexibility, trust-based relationships and a fair deal on pay – are widely shared across age groups.

To avoid 'generation' myths, start by defining the outcomes you need and the most pressing issues. With that problem-led approach, generational differences are unlikely to become the main focus.

04 INDIVIDUALISATION AND THE PERSONALISATION OF WORK

ROB BAKER is a specialist in bringing positive psychology to life within organisations. He is the founder and Chief Positive Deviant of Tailored Thinking, a pioneering and award-winning, evidence-based positive psychology, wellbeing and HR consultancy. Rob was named #8 Most Influential Thinker by *HR Magazine* in 2023, is a TEDX speaker, author of Personalization at Work and Chartered Fellow of the CIPD and the Australian HR Institute. He has written for the likes of *Harvard Business Review* and *Work* magazine and is world-leading when it comes to enabling and encouraging job crafting and personalised people experience.

EMAIL

Research shows that creating a positive, open environment for people to personalise their work enables them to make small but powerful changes. This is the essence of job crafting – a practical way to meet personalised expectations. It has a strong academic evidence base, though it is not yet widespread in practice. Crucially, it is not a wholesale redesign: it's about adapting the existing job to better fit the person.

WHY IT MATTERS

- **Performance:** Higher person-job fit is associated with better individual, manager and customer ratings.
- **Growth:** Enables development without relying on rigid ladders or next-role boundaries.
- **Wellbeing and thriving:** More control and identity fit support wellbeing and can buffer stress and anxiety; people feel seen and valued.

WHAT CAN BE CRAFTED?

- **Task crafting:** Adjust how time and energy are spent on tasks (e.g. use AI to draft blogs or articles).
- **Skill crafting:** Develop or apply new capabilities (e.g. seek opportunities to coach or mentor junior colleagues).
- **Purpose crafting:** Reframe work to connect with meaning and impact (e.g. join more client-facing calls and ask for feedback).
- **Relationship crafting:** Amplify relationships that matter and buffer unhelpful ones (e.g. schedule a monthly lunch with a colleague from another team).
- **Wellbeing crafting:** Make tweaks that improve mental or physical health (e.g. take walking 1:1s by phone).

Job crafting can also act as a bridge for AI adoption, helping teams identify where AI augments tasks and where human strengths add most value.

HOW TO ENABLE JOB CRAFTING

Encourage people to reflect on how they act, interact and do their work. Ask: to what extent do we already enable personalisation? This typically works across three stages:

- **Enable:** Provide permission, simple guardrails, manager support; use workshops or e-learning to spark ideas.
- **Explore:** Map tasks, generate options and run small experiments.
- **Embed:** Build into regular check-ins, and into performance and L&D processes; share examples.

MITIGATING RISKS

- **Set guardrails:** Craft a job only if it benefits the individual, does not harm colleagues and does not undermine the organisation's mission.
- **Avoid *'only adding'*:** Support people to subtract or streamline low-value work – not just add more.
- **Prioritise clarity and trust:** Evidence does not point to roles where job crafting 'doesn't work'; what matters is that people understand what job crafting is, the ground rules and what they can and can't do.

05 CASE STUDY EVP AT SAINSBURY'S

STEPHEN LOCHHEAD has dedicated his career to all aspects of HR expertise and has worked for the likes of Arthur Andersen, Walmart, Unilever and Expedia Group in a variety of UK and International roles. His spike is being able to bring the outside in and helping companies to build their own talent marketplace.

LINKEDIN

Q What was the context for your work on Sainsbury's EVP?

A *In a fast-paced retail setting, Sainsbury's is running and transforming the business simultaneously. We saw two gaps: reliance on twice-yearly surveys that couldn't give a real pulse and limited linkage from sentiment to concrete action.*

Q How do you leverage data?

A *In retail we're very focused on the store, so mobilising colleagues in stores matters. We use **MIBT** – Make It Better Together and every store has a colleague group who call out improvements and changes. We further enhanced this work by overlaying with enterprise data to help identify system-wide issues.*

Q How did you decide where to prioritise action?

A *We created a Colleague Experience Framework – not another HR framework to cascade, but a decision and prioritisation tool for enterprise and functional leaders. It defines the foundations/inputs/outcomes for colleague experience and tracks each green/amber/red. This informs big decisions like corporate planning, budget choices and operational/financial reviews, giving non-HR leaders a holistic view.*

Every survey question maps to the framework. The system is also agile: after major shifts we add spot questions to probe what matters now, not just what's trackable.

Q How did you communicate responsibilities to line managers and leaders?

A *We introduced a different behavioural leadership framework for our business strategy – Obsessed with Customers, Obsessed with Performance, Lead Fearless Teams, Lead Across Boundaries. Trust was the biggest accelerator to all leadership expectations – leaders must be trusted by colleagues and trust them in return – to deliver plans.*

Q What evaluation have you done, and what have you found?

A *We focused on Belonging (an EVP pillar). With strong foundations in place, our listening exercises can be mapped to show where the core of belonging sits. After a year, engagement moved +2 points to green – a statistically meaningful shift at our scale. More importantly, teams report better, more purposeful conversations; the priority is how people feel through change, not the score alone.*

06 CASE STUDY A DATA-LED APPROACH TO MANAGING EMPLOYEE RELATIONS AT HP

OLGA MARTENS-STUURMAN worked for 28 years at HP in various international leadership roles. In her last role, she was leading the Future Ready Work Experience programme which included testing new ways of working across the globe, focused on enabling people to do their best work. She has a Master degree in Political Sciences from the University of Amsterdam.

LINKEDIN

Post-Covid return-to-office debates surfaced differing views and assumptions, such as 'the world has changed' or 'we must do something different'. HP set out to test what had actually changed, what 'different' should look like and where to start, using large-scale listening.

METHOD

- Conducted a large listening exercise combining internal and external views: 19,000 employees (of ~60,000) plus c.3,000 external respondents to avoid an 'HP-only' lens.
- Used full transparency about how data would be used and what actions would follow, which boosted participation.

WHAT EMPLOYEES SAID

- **Purpose & connection:** stronger desire to do meaningful work and for genuine human connection (beyond small talk).
- **Flexibility & choice:** not only location; practical options such as later start times or seasonal hours, as well as flexible learning modes (e.g. VR practice, podcasts).
- **Learning & growth:** abundant but overwhelming opportunities internally – prompting a call for curation.
- **Voice:** a clearer 'seat at the table' in shaping actions arising from listening was the most important point that emerged.

FROM INSIGHT TO ACTION

- Ran site-level 'test & learn' experiments over 10 months, translating around 80 pain points into hypotheses ('If A, then B'), with openness to mixed outcomes and learning and co-designing together.
- Were honest about limits (e.g. transport costs) and focused on variables they could test.
- Used cross-functional metrics (HR, legal, IT, comms, business) and co-designed solutions with leaders, employee resource groups and young talent networks.
- Launched a Moments that Matter campaign, asking *"What do you need to do your best work?"* Insights informed culture, skills, talent and recognition changes.

KEY LEARNINGS

- The future of work is highly personal; tailoring of solutions and messages matters by role, life stage and locale.
- Human connection was the standout differentiator – e.g. learning together, intentional time to meet, shared lunches.
- Address changing expectations with a scientific, data-led approach (focusing on cause-and-effect).
- Co-design with employees so solutions stick.
- Created the HP Work Relationship Index, which shows the world's relationship with work remains largely unhealthy: 28% of knowledge workers report a healthy relationship with work (up one point from 2023).

FURTHER READING

CRF. 2025. Research: ***The New Deal at Work: How are Employee Expectations and the Psychological Contract Changing?*** https://www.crforum.co.uk/research-and-resources/research-the-new-deal-at-work-how-are-employee-expectations-and-the-psychological-contract-changing

CRF. 2025. Research: ***Creating an Inclusive Culture*** https://www.crforum.co.uk/research-and-resources/research-creating-an-inclusive-culture

CRF. 2025. Research: ***The Changing Role of the HR Leader*** https://www.crforum.co.uk/research-and-resources/research-the-changing-role-of-the-hr-leader

EVENT MASTERCLASS

Bird & Bird

Beyond the Job Description:
Understanding the Modern Psychological Contract

If you would like to access the materials from these masterclasses, please contact Mette Stern, Senior Client Manager.

CRF WORK PSYCHOLOGY Learning Network

HR professionals should possess a strong understanding of human behaviour within organisations to drive business performance. To support this, CRF has established a learning network for senior professionals seeking to deepen their expertise in applying the principles of work psychology to deliver excellence across areas including assessment, development, team effectiveness and general management. The network will explore key topics through research and sessions moderated by Professor Rob Briner.

1. **Predicting Performance at Work** FEB. 2026
2. **Understanding Teams and Team Effectiveness** MAY 2026
3. **Feedback and Work Performance** NOV. 2026

CRF ER / IR Learning Network

Strong relationships with Trade Unions, Employee Representatives, and a positive employment environment are crucial for organisational performance. HR must proactively shape effective ER / IR strategies within today's legislative framework. This network supports senior ER / IR practitioners in unionised and non-unionised settings to enhance expertise and share experiences. Annually, four themes are discussed via research and sessions led by experienced practitioners.

1. **Networking Dinner** MAR. 2026
2. **Webinar** JUNE 2026
3. **Research and Dinner** OCT. 2026
4. **Christmas Keynote** DEC. 2026