



# Perspectives 2021

A collection of HR Network member papers published throughout 2021. The papers are written for HR practitioners to consider and reflect on the workplace challenges and opportunities presented in a rapidly evolving Covid-19 landscape.





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# Foreword

By Claire Campbell, Director of HR Research and Consulting

December 2021

Over the course of 2021, IES has provided insight to our HR Network members on how the pandemic is affecting employers and our workforce through our Perspectives papers. The last 18 months have brought about the biggest changes to how we work in our generation, as millions of workers have been forced into homeworking, found themselves furloughed or needed to change career. HR practitioners have been under pressure throughout to find ways to support their staff during times of chronic uncertainty. IES has had a role to play, sharing latest thinking, good practice and evidence to help inform decision making. We are delighted to share with you this series of papers, written over the last year which cover some of the big issues facing HR.

In terms of the themes we touch on, finding the **new normal** is evident throughout the papers. Employers need to recognise that thanks to the extended period of homeworking, peoples' expectations around the autonomy and control they have in their working day have shifted. The [psychological contract has changed](#) and there is a high expectation of choice around working patterns. How you handle the return to the office is so important, as Kathy Poole's [paper](#) highlights. Are you listening to what people want and can you reconcile their preferences with organisational needs?

The agenda around **wellbeing** continues to be paramount, with both mental and physical health negatively impacted by the pandemic. As Zofia Bajorek points out, [line managers need to develop the skills](#) to get the best out of remote workers and hybrid teams, but also have a duty of care like never before around employee wellbeing. Whilst rapidly evolving technology has become a key enabler to support collaboration and remote working, it also has the potential to help us track employee wellbeing better, as [Stephen's paper](#) explores. However the ethical implications of any kind of employee monitoring are significant and require serious consideration by employers.

With news stories in the press at the moment focused on '[the Great Resignation](#)', a key priority in the months ahead will be both attracting and retaining staff. As well as careful consideration about workplace flexibility, another topic which is moving back up the agenda is [career progression](#). Many people have re-evaluated their career during the lockdown period and whilst some may want to work less, others are keen to move on. Providing career pathways is important at all career stages – from young people entering the workplace and wanting a clear way forward, to older workers having options which work for their changing needs.

As Udara Ranasinghe underlines in his [paper](#), the pandemic has not affected all groups equally and risks further exacerbating **inequality**. People from some ethnic minority groups and with certain health conditions have had a higher risk of death from Covid. Many already **disadvantaged groups** including older workers and carers have lost their jobs or dropped out of work [altogether](#). Employers in certain sectors will need to work harder than ever to attract staff. Duncan Brown, in his paper on [pay and reward](#), makes clear the choices employers have as they 'build back' from the pandemic. With **ESG higher up the agenda** and more **unfilled vacancies** than we've had for many years, it is likely that employers who do offer 'good work' will fare better.

So what does all this change mean for HR? Firstly, there is a need to ensure employees have a voice and that they feel consulted in some of the key discussions around issues such as workplace flexibility, career pathways and inclusion. With a buoyant jobs market and plenty of channels for publicly shaming employers who are perceived to treat staff badly, it is critical we listen to staff voice and involve them in key decisions. Secondly, we

need to avoid further division and inequalities creating a two tier workforce. Employers should think more creatively about the design of their roles to try and create better quality opportunities for those with barriers to work and recognise the benefits of doing so. HR needs to be able to partner managers as an expert in job design and job crafting, and challenge the 'way things have always been done'.

Thirdly, in a rapidly changing world, evidence based practice is so important. We are not going to get things right first time. Listen to what other organisations are trialling and think how could that work for you. This is the time to experiment and learn, to pilot new approaches and check in with staff about how things are going.

I hope Perspectives provides you with food for thought and a few ideas you can take away and consider in your own role. It is an exciting time to be in HR and as 2022 no doubt brings more challenges, never a better time to be part of a network like ours which helps practitioners take research into practice.



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### About the HR Network

The HR Network is the IES membership programme for HR professionals in the public, private and third sectors. The network offers members access to IES expertise and leading-edge thinking and research. To learn more about the network please visit the [website](#) or contact the HR Network Manager [Emma Stewart-Rigby](#)

### About the Institute for Employment Studies

The Institute for Employment Studies (IES) is an independent, apolitical, international centre of research and consultancy in public employment policy and HR management. It works closely with employers in all sectors, government departments, agencies, professional bodies and associations. IES is a focus of knowledge and practical experience in employment and training policy, the operation of labour markets, and HR planning and development. IES is a not-for-profit organisation.

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# Career development in organisations to navigate changes in work and skills

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## Introduction

This article examines the challenges of career development for employees and their employing organisations against the backdrop of pre-existing trends and changes, amplified by the business and employment disruption of the pandemic. It questions whether long-standing approaches to career development in organisations are adequate and offers some suggestions for what employers could be doing now to position their businesses and workforces better for the future.

## Public and private career issues

Career change is a mainstream public issue in the UK in the early months of 2021. The focus of public employment policy has necessarily been on financial support to keep jobs and to support people who have lost their livelihoods or are at risk of doing so. It is now turning to skills. Some people will be looking to find work in a different sector or occupation from their previous experience, either out of choice or necessity. However, significant career change is more complex than the ill-judged advertising poster suggesting that a ballet dancer should re-train in cyber security. The White Paper on *War for Talent* (Department for Education, 2021) advocates lifelong learning and proposes changes in the education and training system; but it fails to build-in significant provision of career guidance to help individuals make better informed decisions about their learning and work. Without such career development support, individuals choosing educational courses are being asked to take huge risks with their own investment of time, effort and money.

Recent reports from the OECD (2021) and CEDEFOP (2020) are much clearer on the need to integrate policies for employment, career guidance, education and training and social inclusion. They also highlight the development of career management skills in adults as part of career guidance. These are the skills we all need to manage our own career development and navigate our working lives: to understand ourselves, our situation and the labour market; to identify realistic work options; and to access work and learning opportunities. This is considerably more than a quick session on how to write a CV.

Careers are also on the personal and family agenda for many people in the UK who are in work but have experienced an unsettling year. Some workers are overstretched, exhausted or feel unsafe in their workplaces. Others may have been working less, for example on furlough, and have had time to think. For those working from home, the lack of commuting may be a treat, but endless hours of online meetings with colleagues, customers or service users – and maybe home schooling too – are hardly conducive to job satisfaction or mental and physical health. No surprise then that private practitioners in career guidance are already seeing more clients who are wondering why they do what they do, whether they want to go on doing it and what changes they might wish to make to the content of their work or the patterns of their working lives when this becomes possible. For some, these thoughts and feelings may subside when working life returns to something like normal. But employers are taking a big risk if they assume that everyone simply wants to go back to what they were doing before. As always, employees looking for some change in their work may find it easier to go elsewhere than to get their employers to listen to their ideas and meet them half-way.

## Why are careers of growing interest to employers?

It is important to recognise that the pandemic and its career consequences, come on top of a set of drivers which were already pushing career development up the corporate agenda.

### Integrating talent management and career development

'Talent management' created a flurry of excitement in the early 2000s, stimulated by McKinsey's warnings of the *War for Talent* at senior leadership levels (Chambers et al, 1998). The word 'talent' caught and held the attention of business leaders and the HR profession, although it has also proved confusing and sometimes divisive. 'Talent management' in its early days was largely a rebranding and relaunching of succession management and leadership development, often including individualised career attention and facilitated career moves for so-called 'high potential' employees. Although some of the early talent management language and practices were crude, its high profile did at least put career development back on the agenda, albeit for small numbers of employees.

More recently, talent management ideas and activities have been applied to both larger workforce groups (most often with professional level skills) and specific job roles (at any level), that are critical to business performance and difficult to resource by external recruitment. Organisations reduce their resourcing risks by developing appropriate 'talent pipelines' of people for these types of work (Hirsh and Tyler, 2017).

The implementation of talent management is essentially about integrating recruitment, employee development and deployment to meet evolving business needs for the future workforce on relevant timeframes. It is therefore about how individuals join an organisation, move around inside it and learn from the different experiences they have. In turn, these experiences equip those individuals to do more complex or varied work tasks. This widely accepted view of organisational talent management is precisely the mirror image of career development from the individual's perspective: how an individual plans and navigates their work and learning experiences over time in response to their own changing preferences and available opportunities.

As one IES client said to us *"I knocked on the door of talent management and found myself in the room of career development."*

Talent management also reminds us that careers are not just about hierarchical progression or even necessarily about actual job moves. Many people can spend decades in the same job, with the same job title in the same place, while experiencing enormous changes in their work and skills. Think about a GP, a classroom teacher, a weather forecaster, a warehouse worker or a garage mechanic.

Organisations that have taken talent management on board as a mindset, not just a set of procedures, start to look for win-win outcomes where the resourcing needs of the business meet the career interests of individuals (Hirsh and Tyler, 2017).

### Engagement, inclusion and demography

Attention to employee engagement over the past ten years, and the regular use of employee attitude surveys, has highlighted career development both as a factor influencing engagement and often an area of employee dissatisfaction. Concern about employee engagement may have driven the trend for line managers, who we know have the biggest impact on engagement, to be required to have 'career conversations' with their staff.

Diversity and inclusion have become reputational issues for organisations, transcending earlier arguments about the business case for diversity. Employers are

starting to address the inter-sectional impacts of gender, race, disability and social background on access to learning and work – in other words, careers. The challenge of inclusion shines a spotlight on the opportunities for all staff to develop and use their potential. The focus of talent management has widened in response to this pressure (Hirsh and Tyler, 2017).

The UK's shifting demography and ageing workforce have been of growing concern in recent years, especially with fears of skill shortages in the run up to Brexit. Managing longer working lives will remain a pressure, probably made more acute by the negative impact of the pandemic on the employment of older workers (OECD, 2020; Edwards et al, 2021). Some employers, like Aviva, have adopted the idea of a mid-career review or 'Mid-Life MOT' for older employees to help them remain employable as working lives get longer. Such reviews typically combine career workshops with health and financial advice, including pensions.

At the other end of the age spectrum many employers are delivering career activities in schools and colleges (CEC, 2020) and in universities, aiming to improve longer-term skill supply and give career support to less advantaged students. Young people's education and employment is suffering badly during the pandemic. This will affect their working lives, and therefore also their future employers, both in the short-term and for years to come.

### Navigating changing work and skill needs

Managing organisational change looks like becoming the biggest driver for career development inside organisations as well as in the wider labour market. Employers have been talking about changing skill needs over recent years, often related to both general and industry-specific uses of digital technologies. The Corporate Research Forum (CRF, 2020) found that HR professionals want to align career development more strongly with changing skill needs. But the future skills debate often feels rather abstract until the moment comes when employers really change the jobs they have.

The pandemic has made work and skill change rapid and real as many businesses have had to respond to several rounds of unpredictable change in their markets, products and supply chains. Jobs have been gained in some kinds of work and lost in others, for example in huge shifts to online retail, especially food delivery. Working from home has also redesigned jobs, but often implicitly. Think for example of the massive switch to online educational provision by teachers and lecturers. Some businesses have gone under and many will be fighting for survival over the coming year. But even organisations not under threat seem likely to change their business and workforce plans in response to the difficulties and opportunities presented by the pandemic, but also by Brexit and other major economic and political shifts, alongside their options for technological change. All this will make the changing work and skills driver for career development a good deal more pressing over the next year or two.

It is hardly surprising then that PwC (2020) found that three quarters of CEOs were concerned about skills. At the same time, over three quarters of employees were willing to upskill to become more employable, but only one in three felt they had been given the opportunity to gain transferable and digital skills.

Given the uncertainty of change, organisations have also been looking to increase the adaptability, flexibility, agility and resilience of the workforce. The common assumption is that individuals with a wider range of work experience, learning and career transitions may be more willing and able to adapt to change. However, organisations are unclear about how they expect employees to access such wider work experiences. Just exhorting individuals to 'be' more flexible or resilient does not make this happen. As we see below, current HR processes make it difficult for individuals to move into jobs that are significantly different from what they have done before.



## The rhetoric of ‘career partnership’

Career development, for all the reasons given above, does seem to be back on the corporate agenda. But what then is the role of the employer in careers?

Mackenzie Davey (2020) highlights the complex interactions between the agency of employees in their own careers, the HR processes designed and operated by the organisation which facilitate or constrain the development of those careers and the social context in which careers take place.

Individuals are exhorted to take ownership of their own careers, but of course the organisation holds most of the power as it decides how to organise and resource its work, knows about forthcoming opportunities and controls access to training and selection into jobs and projects.

In a recent survey of employers by the Corporate Research Forum (CRF, 2020), a clear majority of HR respondents said their organisations were becoming more active in supporting career development for all staff, some were becoming more active for selected workforce groups, and only a tiny proportion becoming less active in career development overall. But less than half the sample communicated a clear statement on career development to all staff. Responsibility for career development was often unclear both at professional and leadership levels in HR.

The CRF respondents were more likely to see career development as a partnership between the organisation and the employee than just the responsibility of the employee. But this was the case nearly twenty years ago in a similar survey by CIPD (2003). At that time 80% or more of the CIPD respondents saw career development as ‘individually owned’, but also that ‘a partnership approach is essential’ and that ‘employees need advice, support and training.’ So, the idea of a career development partnership between the employer and employee is not new at all.

## Current career development practices

Practice is of course what counts, so how is this idea of career partnership reflected in relevant and effective career development activities in organisations? In practice, most employees get quite limited support for career development, relying on four main mechanisms:

- Online information about jobs and skills is quite often provided in the form of job descriptions or competency frameworks. Although potentially useful, this information can be complicated and fragmented. Employers rarely explain the broad types of career which would help employees make sense of detailed, job-specific information. Very few employers communicate relevant information on how changing business needs will be affecting skill requirements or work opportunities.
- Learning and development is usually well-established, but normally focused on the skills employees need for their work today, not for the future. Employers sometimes provide access to internal or external libraries of e-learning materials. This is potentially empowering but again, without the big picture narrative, employees may not know what they could aim for in career terms and therefore steer their use of learning resources.
- Many organisations now expect individuals and their line managers to have ‘career conversations.’ This can be a useful place for the employee to start, but line managers, especially at junior levels, are not the best sources of career

information or advice (Hirsh, 2018). They often know little more about work or learning opportunities than the individual can already see for themselves. They may also lack the skills and confidence to have genuinely open and exploratory career conversations. Only about half the CRF (2020) survey participants offered managers training for their role in career development, and only a small minority made this training mandatory. This was no better than in the CIPD 2003 research.

- Employees access job moves mostly via open internal advertisement of vacancies, followed by selection against a job description. This process appears fair, but it is unlikely to deploy an individual to where the business needs them most or where they will best develop their career and enjoy their work. It is difficult for individuals to know which vacancies to identify or apply for. Employees who show their flexibility by applying for unusual career moves are very unlikely to be selected under this process, which favours candidates who have done all the relevant work tasks before.

Employers do not generally see these processes as effective ways to manage careers (CRF, 2020), acknowledging the lack of line management skill to support staff, insufficient focus on future skills and a lack of understanding of the aspirations of employees. But they have not essentially changed this model for twenty years. It seems ironic that the only time most employees get serious career support is when they are made redundant and outplacement consultants are brought in.

It is striking that when organisations focus on the career development of much smaller populations of current or potential senior leaders, they do things very differently. Career moves managed by the organisation are common for leaders and high potential employees, who are also far more likely than other employees to get career support from a professional career counsellor or coach (CRF, 2020). They also often have access to confidential conversations with senior HR people who know a lot about what is going on in the organisation, including politically. This level of personalised career attention obviously cannot be delivered to large numbers of employees. But there are ways of delivering information, advice and access to experiential learning to all employees using the existing resources of the organisation.

## Strengthening career development

We have had a range of affordable and scalable ways of improving career development for the wider workforce since the 1990s. The IPD (now CIPD) published a comprehensive guide to career management interventions in 1998 and Yarnall (2007) illustrated their use. The list below reflects some well-developed organisational approaches which, especially used in combination, would greatly help employees prepare for the future.

### Cost effective and scalable ways of strengthening career development include:

- Clear communication to all staff of the organisation's career development strategy, the kinds of careers on offer in the organisation, the kinds of skills which will be in growing demand, both generally and for specific types of job, and where to get further support.
- Training all line managers in basic career coaching as part of mainstream management development. Managers are quite often introduced to coaching for performance, which could easily be extended to practical training in effective career conversations.

- Access to someone additional to the line manager to talk about career options and actions. Varied models for this include formal or informal mentors; L&D or HR professionals; and trained volunteer career coaches in different areas of the organisation. Internal networking across the organisation can be actively encouraged through communities of practice and internal social media applications.
- Career workshops or career courses for groups of employees – often now facilitated online – can be combined with self-help career planning tools. Workshops address short term issues but also develop long term career management skills. They extend individuals' networks because they are a group activity.
- Increased access to developmental work experiences - the chance to do different work tasks. Experiences can be made available through projects within or across teams, job enrichment, job swaps, job rotation and work shadowing.
- Integrating individual career support through these kinds of activities with work re- design, re-deployment and re-skilling in the management of major organisational change.
- Many organisations do some of these things from time to time, but very few use them in a strategic and sustained way. Organisations would be well advised to investigate with managers and staff which of these kinds of activities will be most relevant to their situation. Effective strategies consist of an integrated set of selected activities piloted, implemented and continuously adjusted over several years.

## Clarifying accountability

Individuals need to develop their own careers, but they need support to do this inside organisations. Much of that support will come from business leaders and managers at all levels acting as a network of support, not just as separate individuals. Just like talent management, the HR function (including L&D and OD) does not 'own' career development but does need to show leadership to facilitate strategy development and co-ordinate some activities.

Progress in career development is impeded by a lack of clarity about where it sits in the HR profession and in HR functions. The CIPD map of the HR profession does not include career development as an area of specialist knowledge, nor is it explicitly included in talent management or learning and development. No wonder then that HR professionals in the UK are largely unfamiliar with career theory, career development interventions and may have never been trained in career coaching or career counselling skills.

It is also unclear where accountability for career development sits in a modern HR function. If organisations really intend to become more active partners in career development, it seems sensible to have someone at a professional level in HR with clear co-ordinating responsibility for career development across the workforce. Career development is often seen as part of learning and development, but this risks seeing it just as skill acquisition, without the necessary strong links to workforce planning, resourcing and deployment. Talent management posts or teams are becoming more common in HR. Some organisations are already positioning career development for the whole workforce there, complementing existing talent management responsibilities for specific groups such as senior leaders and early career trainees.

## Time to make a start

This article has shown why career development in organisations matters in a changing world, not just to employees but to businesses. It seems likely that we are in for a period of heightened business change. The pandemic has added risks and opportunities to an already complex change agenda, both in business terms and employment strategies. Changes will affect work, skills and therefore careers.

The pandemic has shown us that many employees are flexible and adaptable and capable of so much more than their employers previously thought. It is in everyone's interest for people to be able to navigate their working lives in a well-informed and confident way. But inside organisations, just as with public policy, addressing changes in work and skills just with education and training solutions is not enough. Skill development alone will not help employees understand their possible work futures, identify actions they need to take or give them access to the new work experiences which will get them from where they are today to where they could be in a few years' time.

We have explored why current practices in organisations do not add up to an effective career development 'partnership', even though that is what many employers say they are working towards. We have suggested a range of activities which can strengthen career development for many employees. Someone in HR needs to be accountable for using such approaches strategically, and co-ordinating activities with colleagues in the function and with managers and employees across the business.

When we look back on 2021, will it be the year when the wheels of effective career development finally started turning? Will employees feel supported as they navigate the changing work landscape inside their organisations? Or will they still feel in the dark, wondering what the future might hold and maybe looking around for a better place to work?

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# Out of sight, not out of mind

The importance of line management  
in the virtual world for employee  
wellbeing and performance

Dr Zofia Bajorek, Senior Research Fellow



*'The Covid-19 crisis is the ultimate test of management and leadership – a sudden, dramatic, life-threatening upheaval, where the outcomes are uncertain. In this extraordinarily difficult time, the value of great management and leadership is being demonstrated every day...Poor decision making during this period will not be quickly forgotten.'* (Chartered Management Institute, 2020)

## Introduction

The Covid-19 pandemic resulted in a significant and rapid shift in how and where work is done. The mandated lockdown, and the government enforcing working from home where possible to reduce the virus transmission (Belzunegui-Eraso and Erro-Garcés, 2020), had an impact on everyday organisational operations, but also changed relationships between line managers and their employees. This change has a number of implications for management skills and practices with potential knock-on effects for employee wellbeing and productivity. How managers adapt to these remote conditions is important for organisations to consider (Contreras et al, 2020).

Evidence suggests that even before the pandemic line managers were 'squeezed' as a result of the expansion of tasks they undertake beyond traditional supervisory roles (Bajorek, 2020). A line manager's role is pivotal for both employee wellbeing and organisational performance, but if 'squeezed' too much it can also be detrimental for their own wellbeing.

The purpose of this paper is to discuss the implications of the Covid-19 pandemic and the resultant lockdown for management practices, the employment relationship and wellbeing, and provide evidence-based recommendations for line managers and HR.

## Teleworking and Covid-19

Telework, the practice where employees can work at a site (or sites) remote from their office or workplace for at least part of the week (Lamond et al., 2003), is not new. The Office of National Statistics (ONS) estimated that in the UK before the lockdown, 12 per cent of working adults worked regularly or sometimes at home. However, a month after lockdown was introduced, the proportion of adults working from home in the UK had risen to 44 per cent, representing a major shift in working patterns. Teleworking for those not 'key workers' became the norm, but with a big difference to pre-pandemic times: there was a lack of volition. Employees did not have the choice to work from home and had to adjust to balancing working from home with caring responsibilities, negotiating technological difficulties remotely, using different or unfamiliar communication platforms, trying to remain productive with increasing concerns around the economy, job insecurity and the implications of what could happen if they caught the virus.

Factors for the promotion of telework include:

- helping organisations to attract and retain top talent,
- diversification of the workforce,
- allowing employee flexibility,
- less absenteeism,
- greater organisational commitment, and improved organisational performance (Greer and Payne, 2014).

Although advocates of teleworking focus on how flexible work practices can modernise and enhance the workplace, it may also present challenges to individual teleworkers, managers and organisations (Dahlstrom, 2013). An organisation's culture is important in determining whether teleworking would 'fit' as a common working practice, and having a culture of trust, openness and flexibility enables the transition to teleworking practices to take place more easily (Lamond et al., 2003).

Apparent risks to teleworking are:

- social isolation from work teams, which could result in employees becoming disconnected from the work environment, leading to reduced performance and demotivation (Wojcak et al, 2016);
- an increase in work-home conflicts, especially if work has an impact on private life demands;
- skill requirements – teleworking requires greater personal organisational skills and could be more suitable for those who can 'self-organise' and successfully allocate their time (Contreras et al, 2020).

Bentley (2014) noted the benefits of teleworking were realised when employees had managerial support to mitigate against any potential negative implications of social isolation, stress and work-life conflicts. So how can line managers best manage in these virtual times?

## Line management in the virtual world

Research from the start of the pandemic found that the shift to teleworking could have implications for employee wellbeing (Bajorek, Bevan and Mason, 2020). Social contact was a factor that determined the experience of working from home (Bentley et al., 2016), and employees who had more contact with their line manager reported significantly higher levels of organisational commitment and job satisfaction. There was also evidence that this extra contact may have added extra pressure to the already squeezed line manager role, as survey respondents with managerial responsibilities reported lower levels of work- life balance and job satisfaction in comparison with those who did not manage anyone. This suggests that the range of responsibilities that line managers have, especially in ensuring a positive employee relationship, were amplified during this time.

Quisenberry (2018) argued that management of people and teams has never been easy, but further problems can arise when teams go virtual as managers must adopt new and more complex methods of communication. People do prefer to have face-to-face conversations (Hiemstra, 1982), which allows for subtle facial and body language cues, the use of the voice, pitching tone and intonation that may not transfer easily virtually. This does not mean that over time managers will not learn how to adjust to alternative cues and ways to effectively express themselves in a virtual environment, but this is an added layer to an already multi-faceted role. Line managers must still manage an individual's performance, implement solutions when necessary and have a vital role in establishing the organisation's shared vision, corporate values and organisational goals (Flood, 2019). This must be done in a way where trust is maintained, and where wellbeing is considered. So, it is not necessarily the technological skills that managers need to operate virtually (although this is useful), but the right people management skills which, it can be argued, is a harder challenge (Hutchinson and Purcell, 2007).

So, what skills do line managers need to have? Researchers have questioned whether 'emotional intelligence' can help a manager's performance, and consequently have a positive impact on the wellbeing and productive capacity of those they manage (Donaldson-Fielder et al., 2004; Kerr et al., 2005; Quisenberry, 2018).



Emotional intelligence has been defined as:

*'The ability to perceive and express emotion, assimilate emotion in thought and understand and reason with emotion and regulate emotion in self and others'(Meyer et al., 2004, page 401).*

Having a high level of emotional intelligence is important, as it enables managers to identify the emotions of those around them, understand others and their social context, judge what an employee's emotional reactions can be in a given situation; and help managers interact with employees. Importantly it also means that managers can control their own emotions, support staff when needed and develop the employment relationship through which they are able to motivate staff. A manager's emotional intelligence plays an important role in the effectiveness and quality of social interactions; and in their ability to respond flexibly to changes in work and social environments, build supportive networks and take appropriate action (Kerr et al., (2005).

Having managers with emotional intelligence seems more important now than ever as employees adjust to the drastic changes in how and where they are working, as well as the continued uncertainty caused by the pandemic and government restrictions. Employees are experiencing these changes differently, which can result from how they have adjusted to their new 'person-environment fit' (Kristoff, 1996). Person-environment fit suggests individuals are attracted to and select to work at organisations where the culture matches their own beliefs and values. Where a person-environment fit is maximised, this will enhance job satisfaction, employee engagement and wellbeing (Carnevale and Hatak, 2020).

There are many ways through which this person-environment fit has been disrupted by the pandemic. The sudden shift and limitations to physical social interactions through not being physically present in the workplace could, for some, result in an incongruence to an employee's person-environment fit. It is therefore important for managers to recognise if this occurs and understand what could be implemented to help 're-balance' the fit, by introducing virtual social opportunities (both formal and informal) and maintaining frequent communication. Although these interventions could go some way to help reduce the misfit of social imbalance, for some it may only serve to further exacerbate the nature of the lockdown, and leave employees further pining for social interactions they previously experienced at work (Fetters, 2020). For managers with high levels of emotional intelligence, this recognition that employees may be having different experiences and stressors will be easier, and they will also have a greater willingness to address the situation.

Similarly, managers with high levels of emotional intelligence may be more attentive to employees who may be disproportionately affected by their new working environments (Carnevale and Hatak, 2020). For many, working from home has led to work-home conflicts, whether that be through childcare and home-schooling, elderly care or both, creating inter-role conflicts and additional pressures. These added demands can have a negative impact on an employee's productive capacity and their wellbeing. Having a manager who not only recognises these added pressures, but is aware of organisational policies that can be implemented to support them, is essential. To help employees adjust to a better person-environment fit, line managers may recognise the importance of giving employees increased autonomy over when and how they work and manage their time, or ask whether more flexible working patterns may alleviate pressures. When line managers initiate such conversations it highlights their recognition of work-family pressures caused by the pandemic, and their willingness to help when and where needed.

## What can line managers do to improve wellbeing virtually?

*'At a time of crisis, leaders and their organisations will be judged on their ability to navigate challenging circumstances in a responsible way – that means, not just triaging their organisations but looking at how they do so; how they decide to 'share the pain' between staff, shareholders, suppliers and others, and how they make people feel as they do so.'* (Chartered Management Institute, 2020)

Research has been undertaken to understand the strategies that line managers can undertake to help support those whom they manage, meet their expectations and enhance their wellbeing when teleworking (Poulsen and Ipsen, 2017).

- **Communication:** Employees often report that communication is key – taking into consideration when and how often contact is made. Employees thought it was important for managers to initiate communication, to highlight they were available and ready to help (be that related to project work or a wellbeing issue) when needed. Regular contact is important to show that employees have not been forgotten (out of sight does not mean out of mind), and a positive employment relationship can be maintained.
- **Listening:** Listening to what employees are saying is important and related to regular communication. In 'normal' face-to-face communication, the subtlety of spoken language and body language provide better clues about how employees are really feeling. When using more digital communication, it is more important to both listen to what is being said, and also to what employees are not saying. Everyone should feel they have been listened to, and for a good conversation to occur line managers may have to be exploratory to understand a source of anxiety, explore performance issues and gain full knowledge of what employees are currently experiencing (Hirsh, 2018). This can be more time-consuming, but it is time well spent.
- **Trust:** Trust was considered important by managers and employees as being key for honest and open communication. Developing trust also led to the development of work autonomy, meaning tasks could be done flexibly to fit around individual experiences. Trust had to work both ways for virtual management to be effective.
- **Understanding of current circumstances:** Employees have been differentially affected by the pandemic. Home-working circumstances vary dependent on living conditions, extra caring responsibilities, job role and previous experience of working from home. It is extremely helpful for managers to be aware of employee work circumstances, as frustrations may arise if these are not adequately acknowledged. Establishing regular contact and trusting relationships will make this easier.
- **Establishing clear goals and objectives:** One outcome of teleworking is the potential reduction in the quality of information passed between managers and employees about organisational policies, changes in organisational structures, work roles and tasks. Establishing clear goals and objectives and the implementation of reporting systems to prevent any reduced clarity is important (Daniels, 2000). This may include creating communication channels with project teams and colleagues who may provide additional support. Helping employees to understand what is expected of them, allowing them input into any goal-setting or work priorities is an important dimension of effective performance and development conversations (Hirsh, 2018), but can also lead to a positive sense of autonomy and wellbeing.

- *Feedback*: Providing feedback helps employees to understand how they are doing and receive recognition for the work they have completed (which could provide further motivation to continue working to the same standards), and highlights areas for improvement (Hirsh, 2018). Managers can use various communication methods to give feedback to employees, but when teleworking it is important that feedback continues to avoid further uncertainty regarding performance outcomes (Poulsen and Ipsen, 2017).
- *Consider physical working conditions*: Poor physical working conditions or home- working set-ups can result in reduced physical wellbeing (which could lead to reduced emotional and mental health). Strategies to help reduce the implications of this include referrals to HR or Occupational Health (OH) to undertake workplace assessments to see what other equipment may be needed to help with working from home. Some organisations may also provide a budget allocation if employees have had to purchase additional equipment to work from home effectively.
- *Considerations of mental health*: Major changes in working patterns and routines, alongside other anxieties resulting from the pandemic can affect both employee and employer mental health. Line managers are in the best place to spot any changes in employee behaviour, and should be ready to provide support and signpost employees to relevant sources for further help (eg Employee Assistance Programmes, charities, OH). However, it is also important that managers are aware of the impact of these changes in circumstances on their own mental health, so they are in a suitable position to help employees when needed. Line managers at this time are also experiencing changes in their working patterns, and being the 'squeezed middle' they are also faced with many complex decisions and competing roles. The addition of virtual management may make some of these roles harder to complete (Zeike et al, 2019). Pressures of increased digitisation of work has been found to have an adverse impact on managerial wellbeing because of increased demands, indicating that line manager mental health should be considered important also.

Implications of poor line management have previously been discussed (Bajorek, 2020), but line management in the virtual world clearly brings additional challenges that some managers may not be adequately prepared for. If, as a consequence of the Covid-19 pandemic, hybrid working patterns will become more common if employees have adjusted and are able to productively work from home, this leads to questions regarding what organisations should be doing to help line managers with any additional managerial challenges this will bring.

## What can HR do to support line managers?

*'On a day to day basis, it's typically line managers who are at the forefront of managing the complex range of organisational factors affecting people's wellbeing at work...but this expectation is not always matched by adequate investment in their skills and capabilities. Too few employers provide an effective framework to ensure that managers can play the positive role that's needed to support wellbeing.'* (CIPD, 2020)

It is clear that line managers are important, but there are concerns they are not being provided with the resources that are necessary to be effective. So, what can HR do to support line managers?

*Training:* If teleworking is to become more popular and routine in everyday organisational life, then appropriate line management training would be required to help managers develop the skills needed to be effective (Lamond et al., 2003). Line management training suitable for managing teleworkers includes communication; self-management; time management; health, safety and wellbeing; and company policies regarding off-site working, just to name a few (Salmon et al., 2000). HR must prioritise the training of line managers (including how to manage digitally). A recent CIPD (2020) survey suggests that less than three-fifths (56 per cent) of organisations train their line managers in absence management, and only half (51 per cent) train their managers to support employees with mental ill health. The survey also found that 31 per cent of respondents agreed managers were confident to have discussions and signpost staff to expert services if help was needed, and only 25 per cent of managers were confident and competent to spot the early warning signs of mental ill health. Thus further line management training is key.

*Clarify line manager expectations:* It is not solely the lack of training that has implications for management effectiveness, and organisations must not fall into the ‘training trap’. Line managers often face unmanageable workloads and face increasing pressures to deliver to tight deadlines and targets. Line manager ‘bandwidth’ is constrained with ever increasing demands (potentially more stretched as a consequence of the pandemic), with reduced support from HR, often leaving managers feeling dumped upon (Harris et al., 2002). Managers have picked up roles that were HR’s remit (absence management, reward management, training) which could compromise their ability to perform to their full potential. Now is the time to consider what the important aspects of line management should be and develop a more realistic understanding of line management roles.

*Wellbeing culture:* Line managers are important for employee wellbeing, so it is important that organisational policies and practices promote a culture of positive wellbeing. Results from the CIPD (2020) survey suggest more is to be done here. For example, only 44 per cent of surveyed organisations took a strategic approach to wellbeing by having a stand-alone wellbeing policy, and a majority of organisations are still taking a reactive rather than a proactive approach to wellbeing. Under half (45 per cent) of organisations reported using specialist knowledge provided by OH providers to help develop ‘Good Work’ principles or develop health and wellbeing programmes. More can be done to promote the wellbeing agenda within organisations to bolster the message that wellbeing is important, and to support line managers to manage this on a day-to-day basis.

*Manage workloads:* Employee workload needs to be monitored, especially during this time when teleworking is widespread. The ‘always on’ culture that can be triggered by teleworking can be detrimental for mental health. A third of employees in the CIPD (2020) survey reported their organisation was doing little to address stress at work and presenteeism and leavism (catching up on work during annual leave) have increased. Employees often report an inability to switch off during out of work hours, and being judged by hours worked and on being ‘seen to be working’, rather than on quality of outputs. It may be too early to understand how this has been affected by the pandemic, but it is sensible for organisations to develop teleworking or remote working policies that employees can discuss with their line managers that support wider organisational policies such as employee wellbeing and performance management.



## Conclusions

Organisations should reflect on the Covid-19 pandemic and the changes this may have for the workforce to reassess what organisations need and want from line managers, and develop strategic plans of action regarding how managers are selected and developed. To do this effectively key actions are required:

- Line managers should be selected on the basis of their emotional intelligence, their ability to understand and empathise with employee experience and their effective communication.
- Investment in line management training, including skills to undertake this remotely, is necessary if teleworking is to become a preferred working pattern in the future.
- Organisations need to make employee wellbeing a central priority to ensure that changes in work patterns do not have negative implications for health and wellbeing.
- Employees will have different experiences of teleworking, and line managers must be aware of employee needs.
- Communication channels between line managers and employees and employee teams need to be enabled to reduce the risk of social isolation and ensure employment relationships remain intact.

Out of sight should not mean out of mind, and these actions are key to ensuring this does not occur.

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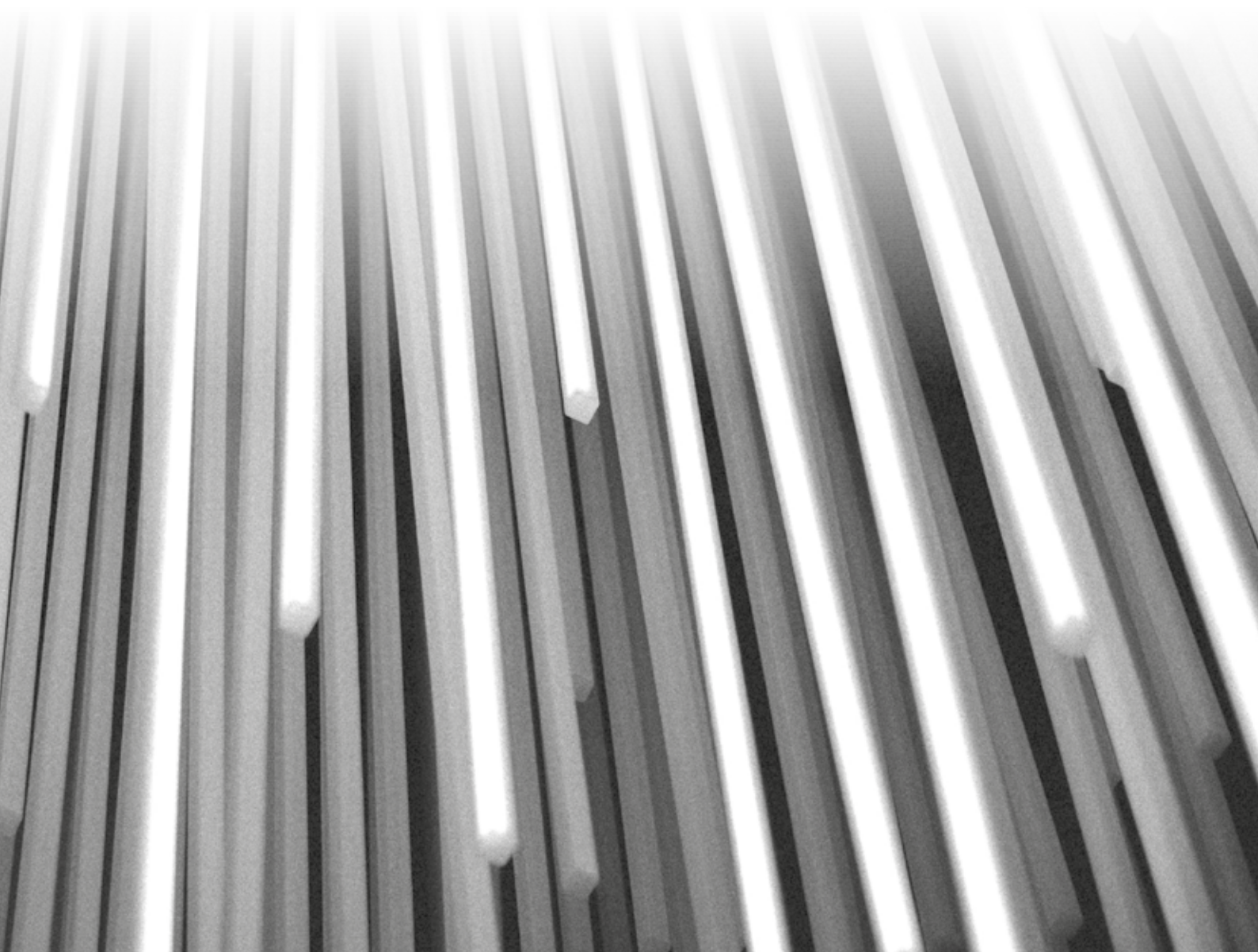
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# The shape of things to come: A look at the future landscape for employers

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## Introduction

2020 is a year that will be studied for many years. Few (if any) in 2019 would have dreamt of the profound impact that a virus (probably) originating on the other side of the world would have on the economic and social fabric of the UK the following year. Few would have foreseen the ability of employers and employees to adapt at speed, and in ways that are likely to leave an indelible mark on the future of work and the workplace.

And even without Covid-19, 2020 is still likely to have been a year that would have profoundly impacted the future employment landscape in the UK. It was a year in which the UK struck an exit deal with the EU, (thereby severing ties with a significant generator of employment law rights in recent years) and the Black Lives Matter movement shined a light on diversity issues.

This paper looks at these issues from an employment lawyer's perspective to draw out what these recent developments are likely to mean for employers.

## Legislative changes on the horizon

Usually, the easy starting point for any lawyer considering future changes is to look at what legislative changes lie ahead. However, for much of 2020 the government was either concerned with tackling the pandemic or trying to negotiate a deal on Brexit. Many government employment consultations or plans were delayed, and it is unclear what changes the government will implement in the remainder of its current term.

There are a few recent legislative changes where we can predict with some certainty the impact. For example, on 6 April 2021:

- The national minimum wage increased, and the national living wage was extended to 23–24-year-olds for the first [time](#). This will increase costs for business at a time where there will be solvency risks, but it will help low paid workers.
- The 'IR35' off-payroll working rules for the private sector became effective. These rules ensure that individuals who work like employees through a personal service company pay broadly the same income tax and national insurance as [employees](#). This change, together with recent high profile cases on worker status and increasing awareness of the importance of good corporate citizenship in the light of unprecedented (at least in peace time) levels of government debt, is likely to mean that some of the more exotic, and overt, means of employers seeking to avoid individuals becoming employees will disappear.

## What about changes beyond these?

### The 'B' Word

The EU has been a significant generator of employment law rights in recent years. This has been not just through legislative changes such as the Working Time Regulations and rights conferred on part-time, fixed term, and agency workers, but through the jurisprudence of the Court of Justice of the European Union (CJEU) whose cases have been binding on UK courts when they interpret domestic law (whether that was EU derived).

In the short term, Brexit is unlikely to impact on UK employment rules as the UK and EU have committed to maintaining (indeed striving to increase) the level of protections

already in place, and either party can take action if any changes have a material impact on trade and [investment](#). Employment rights stemming from EU law will be retained and followed by the courts, save for where appellate courts wish to depart from EU law (which is likely to be rare in practice particularly when that law has been embedded through years of UK case law). UK courts are no longer bound by future decisions of the CJEU (they remain bound by European case law in place as at 31 December 2020) but these cases are likely to guide UK courts (or in legal terms be of '[persuasive authority](#)').

The end of free movement will not affect the 4.88 million people who may be successful in their applications for the UK's Settlement scheme, but employers now have the added task of checking EU employees have the right to work in the [UK](#).

The government has already 'scrapped' its post-Brexit review of UK employment law and denied that it was looking at making changes to the 48 hour working week and the calculation of holiday [pay](#). Given most adults of working age in the UK are employees, it's unlikely that reducing employment rights is going to be seen as a vote winner unless it fits into a wider programme arguably boosting economic development and therefore benefiting [all](#). Therefore my view is that we are unlikely to see wholesale changes that substantially weakens workers' rights in the short, medium and probably long term.

That does not mean that there won't be changes that are seen to enhance workers' rights. Future employment law changes were indicated in December [2019](#). However no Employment bill has been published, presumably because of the pandemic. That delay has attracted criticism and the promised Employment Bill may reappear at some point in 2021 or [2022](#).

#### **This Bill promises to bring in a variety of changes such as:**

- the introduction of a single labour market enforcement body;
- a right to request a more predictable contract after 26 weeks;
- extended leave for neonatal care; and
- making flexible working the default position (unless employers have a good reason not to).

One potentially significant area of change in the future concerns post-termination non-compete clauses which restrict an employee's ability to work for competitors ('Post-Termination Restrictions' or 'PTRs'). The government is considering making employers pay their ex-employee for the duration of the non-compete, limiting the length of PTRs or making them entirely unenforceable and has recently finished consulting on the [issue](#).

Any changes would be concerning for employers as PTRs are key to ensuring that competitors do not obtain an unfair advantage by poaching key staff who are then immediately able to use their connections to lure away other key employees or customers/clients of the business.

If changes to PTRs are made, it may force employers to encourage employee loyalty by making pay and bonuses dependant on the employee remaining with the employer for a certain period of time. Clawback clauses might see increasing prevalence as employers look to recover bonus payments, not just where 'malus' has been found after the award of a bonus, but simply for the employee leaving within a certain time. The net result may be that recruiting senior staff becomes prohibitively expensive as they will expect a 'buy-out' of any bonus that they are required to repay.

So with Brexit, at least in employment terms, likely to have limited impact, perhaps the

most significant changes to employment law and the workplace in 2021 and beyond are going to be cultural ones.

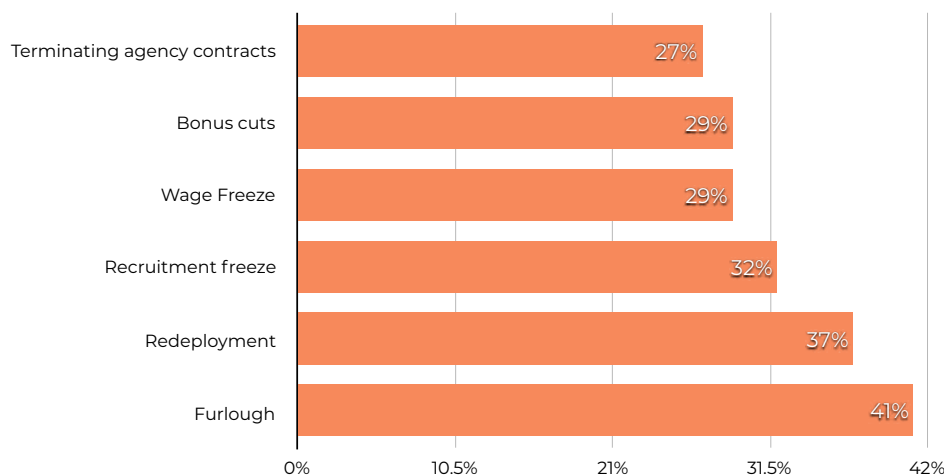
## Redundancy and reorganisation

The pandemic has been challenging for many businesses trying to adapt to restrictions, with retail and hospitality sectors being under most [pressure](#). In an extraordinary (but not surprising) measure, the government has been paying 80 per cent of participating employees' wages via its Coronavirus Job Retention Scheme (more commonly referred to as 'the furlough scheme').

The furlough scheme undoubtedly helped to reduce mass scale redundancies that would otherwise have occurred due to the economic collapse in the UK following the arrival of Covid-19 and lockdown. However, it was not enough to prevent a record rise in the number of redundancies (370,000) reported by ONS between August–November [2020](#).

This was double the highest three-monthly peak of 180,000 seen during the 2008 financial [crash](#). The extension of the furlough scheme until 30 September 2021 has brought some stability and the number of planned redundancies fell rapidly in November 2020, and as of January 2021 the number has been at its lowest level since the pandemic [began](#).

Employers have a range of tools at their disposal to reduce the need for redundancies. The CIPD Labour Outlook report recorded the percentage of employers using the methods in the graph below as countermeasures to avoid [redundancies](#).



Source: CIPD Labour Market Outlook Autumn 2020

At the time of writing, the furlough scheme will be reduced from 1 July 2021 as employers will be asked to contribute more to employee [wages](#).

ONS has confirmed that the UK narrowly avoided a double dip recession when the UK locked down from November [2020](#). However, the real test will be how businesses will fare without government support.

Structural changes in the UK economy (such as the move from the high street to online, and office to home working) have been accelerated by the pandemic and it is likely that by mid-August at the latest, a number of businesses will start to consult employees on redundancies. If the economy fails to recover in the way that is currently expected, then this will only increase the rise in planned redundancies in the near future. The mid-August date is the latest point at which employers who wish to take full advantage of the furlough scheme can initiate staff consultation on mass redundancies. Employers may therefore find the summer of 2021 challenging in many ways.

## Localism and globalism

In the long term, the WHO predicts that the virus will become [endemic](#). As I will discuss below that is likely to have significant impacts on how employees are managed in the workplace. The consequence of the virus being a permanent (but manageable) aspect of our lives is likely to have a significant effect on workforce models, impacting on localism and globalism.

Employers may choose to undergo further workforce restructuring to strengthen the reliability of operations, reversing a reliance on outsourcing, or diversify suppliers to counter the effects of global disruption. For example, those who rely on call centres in India and were disrupted in the initial stages of the pandemic, may consider partially nearshoring or reshoring aspects of their business to allow them to withstand further disruption to different parts of the [world](#). Supply chains may become shorter, with more employees employed to carry out critical tasks that were previously outsourced or employers may employ increasing numbers of staff or create teams simply to ensure the robustness of supply chains and to secure alternative supplies in the event of disruption. If the title of 'Chief Crisis Management Officer' doesn't exist already we may see that come to pass.

In contrast, the rise of remote working may give the chance for businesses to offshore parts of their work to freelance staff across many countries where the costs of labour are [cheaper](#). What rights will apply to these workers? On the basis of existing UK case law, while it will be a fact-specific question, there will be an argument that UK employment rights will apply to these overseas workers. The rise of the global worker may lead to an increase in UK employment litigation – something I come back to below.

## The workplace redefined

The traditional employment model (based on concepts of master and servant from a bygone era) sees both time (ie working hours) and place (ie where work is undertaken) fixed for employees. 2020 was the year that brought forward a flexible working revolution that showed for many employees that neither time nor place had to be fixed. For many businesses, flexible remote working has been proved successful and on a large scale with the help of technology. Some employees will have welcomed the breaking of the fundamental chains between time, place, and employment while others will still wish for the structure imposed by the traditional employment model (and for some roles there may be no choice).

What's becoming increasingly clear is that employees will wish to have some choice in the time/place decision which is a far cry from the traditional master/servant relationship. The Working Families charity has shown that 90 per cent of employees want flexible working to continue after the [pandemic](#). According to Adzuna, an online job search engine, remote working jobs being advertised has risen by 147 per cent and the number of searches allowing remote working has risen by 660 per cent. To the extent that employers do not engage in co-creating time and place with their employees, they may see recruitment and retention issues as employees choose to work for employers that do.

In the short term, remote working will continue so long as the government advises employers to take every possible step to facilitate their employees working from home into the summer of [2021](#).

Employers will continue to have challenges in dealing with the flexible working revolution:

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- There may be continued sickness absences due to Coronavirus outbreaks and other reasons, but how are employees' sickness absence and their 'return to work' managed when an employer may rarely see them in any event?
- How will employers manage the risk of stress or burnout due to home and work situations?
- How will employers ensure employees forge relationships with new staff or clients and customers?
- How will employers maintain team cohesion and the organisational culture?
- How will employers ensure that employees have suitable workstations and are working safe hours that are not detrimental to health?

All of these challenges will require even closer communication with employees and clear workplace policies and procedures that have been adapted to the 'new normal'.

To the extent that employers do not proactively deal with the issue of flexible working, it is likely that they will see an influx of flexible working requests. There already exists a legal right to request flexible working where an employee has 26 weeks' service (which, as noted above, is likely to be extended in the future). In reality, this legislation is seen as having little teeth, due to employers being able to refuse these requests on a variety of broad reasonable grounds (that do not have to be explained to an employee). However, where an employee has been working flexibly and productively through the pandemic, it will be harder (both legally and from a relationship perspective) to refuse to agree the employee may continue to work in that way going forward. Many employers are already developing their long term flexible working strategy and all employers should consider clearly communicating their policies before requests come in. Otherwise, it is possible to see that refused applications for flexible working will become the new frontier for constructive unfair dismissal and discrimination claims.

The rise of flexible working will raise questions about the meaning of the workplace, but I do not anticipate that employers will be able to do away entirely with places where their employees work together physically, meet clients, customers or suppliers, and do the myriad other things that have been sub-optimal when done remotely. The 'workplace' will become a more complex construct that may not be delineated by time and place in a way that was previously thought intrinsic.

One final word of warning on this subject: some employers may rush to embrace flexible working and remove some or all workplaces entirely. Although it may not be intended to reduce staff numbers, such a process may technically create a 'redundancy situation'. While consultation in these scenarios with employees is likely to happen in any event, it will be important for employers to tick the legal boxes and ensure this consultation meets minimum legal requirements (including in relation to duration).

## Claims culture and Covid-19

I have noted above the WHO's expectation of Covid-19 becoming endemic in the long term. This will mean businesses planning for seasonal disruption and strengthening business continuity plans in the event of future outbreaks or pandemics with the aim of becoming more efficient and resilient.

Debates about mandatory testing and vaccinations (or vaccination boosters in the future) are likely to continue. There will be sector specific considerations, but my view is that the more significant the impact of future virus outbreaks, the more likely it is that employers will consider moving to a mandatory testing and vaccination regime. With



safeguards, it is legally possible. At the least I would anticipate that benefits and salary may be reduced for those who refuse to vaccinate and are off sick as a result and that employers may have a rule against employing new employees who do not expressly agree to testing and vaccinations (we are already seeing some employers introduce such [policies](#)). Rules around wearing masks/PPE (even in non-clinical settings) are likely to continue and we are already seeing some employees challenge such rules.

I would anticipate seeing cases where disciplinary action is taken against workers who refuse to wear PPE/test and inadvertently spread the virus to other colleagues. Employers are likely to become increasingly intolerant of employees who cause significant disruption to their business even if that is based on genuinely held ethical or religious beliefs.

Inability to comply with such rules due to a disability will need to be carefully balanced against protecting wider business interests.

Due to the pandemic, employees have become aware of health and safety risks in an unprecedented way. Rightly they will feel encouraged to raise any concerns they may have in the workplace. Such discussions are in legal terms likely to be protected by whistleblowing and health and safety laws meaning if an employee receives detrimental treatment as a result of raising such issues that would be actionable. The whistleblowing charity Protect studied the whistleblowing cases it received and found that 41 per cent of whistleblowers of Covid-19 concerns were ignored and 20 per cent of whistleblowers were [dismissed](#).

The employment relationship is a delicate legal construct that tries to reflect the complexity of the human relationship it underpins. Where friction occurs in the human relationship, this is likely to turn into a dispute with legal connotations. In other words, friction caused by redundancy and reorganisation, the moves to localism/globalism, the reimagining of the workplace, a heightened awareness of health and safety and the creation of new disciplinary rules due to Covid are likely to see an increase in internal grievance and disciplinary processes and external Employment Tribunal proceedings.

Unfortunately, the increase in litigation is unlikely to be limited to employment cases. Covid-19 is likely to see personal injury claims increase – this could be directly because of Covid-19 or because of challenges associated with it (such as permitting safe home working). The stresses of the pandemic have led to over half of NHS critical care staff reporting PTSD, depression, or [anxiety](#). The pandemic may cause key workers who have been working in particularly stressful environments to make claims against their employers when the pandemic is over. Employers should be checking their insurance policies now.

## An unequal pandemic

Although the pandemic has affected everyone in some form or another there has been unequal burden placed on certain disadvantaged groups in society. In the short term, this will inevitably mean a setback in the workplace for those people.

There are fears that the gender pay gap could widen as a result of the pandemic as women are more likely to lose work or be burdened with [childcare](#). Higher levels of anxiety in women have been reported, and ONS has reported that since July 2020 more women were furloughed than [men](#). The 2021 gender pay gap enforcement deadline has been postponed until 5 October 2021, but it will be interesting to see what the data will [show](#).

In August 2020 the government produced a report on disparities in the risk and outcomes of Covid-19 and found that the risk of dying was higher in deprived areas and Black, Asian and Minority Ethnic groups had up to 50 per cent higher risk of [death](#). The

impact of Black Lives Matter (in many ways building on the momentum of the 'Me Too' movement) has helped keep diversity issues at the forefront of employers' [minds](#) and they are now firmly entrenched as Board level issues.

Employers being seen to be proactive in dealing with diversity issues and going above and beyond the legal minimum is an important part of protecting the reputation of an organisation. As a result, I would expect employers in the short term to refocus their efforts on promoting diversity and inclusion in the workplace. This might come in the form of setting diversity targets, training, and grants to individuals from unrepresented groups, mentoring, creating networks which target those with protected characteristics, as well as rooting out inappropriate behaviour and bias.

In the longer term we expect that diversity and inclusion will continue to be a marker of how an employer treats its employees, along with focusing on wellbeing and flexible working offerings. Increased voluntary reporting around a variety of metrics relating to diversity and inclusion is likely to be a marker of good corporate citizenship and be seen as a means of enhancing employer brand. It is likely that ethnicity pay gap reporting will become more commonplace in the future, particularly as the government launched its consultation on the issue in [2018](#). The result of the report has been delayed but the BBC has reported that employers overwhelmingly support the introduction of mandatory [reporting](#).

## Conclusion

Employers in the UK are at watershed moment. The cultural and societal changes caused by the events of 2020 and 2021 are likely to leave a lasting legacy on employment and the workplace. There will be new challenges to face that will have legal, economic, and human consequences. Increased legal rights, expectations of flexibility, and the refinement of what it is to be a good corporate citizen will mean that on many issues there will be no stepping back but only consideration of how to step forward.

However, many businesses in the post-pandemic era will feel that they are more resilient than they have ever been. They may also feel that tackling challenges head on and embracing likely change quickly will pay dividends in terms of enhancing their employer and corporate brands, increasing staff morale, discretionary effort and ultimately boosting the bottom line. And of course, it is likely to help reduce exposure to the legal risks identified in this paper. As Jeff Bezos put it: 'What we need to do is always lean into the future; when the world changes around you and when it changes against you - what used to be a tail wind is now a head wind - you have to lean into that and figure out what to do because complaining isn't a strategy.'

## Acknowledgement

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# New ways of working

Kathy Poole, Director of People, Wellcome Trust



May 2021

## Introduction

Pre-Covid, Wellcome, like many organisations, was a relatively traditional employer when it came to flexible working. I confess I was probably too content with the status quo to really push the boundaries, despite its obvious benefits to those with caring responsibilities, staff with certain disabilities and the progress to a more inclusive culture. I had other things on my agenda that were taking my time and I wasn't going to take on changing the attitudes of hundreds of line managers and their assumptions and practices around flexible working! Ironically, the year before we had just refreshed our flexible working policy, taking far too long to get it out and making little progress as we struggled to gain agreement across the senior management group community. We didn't know that all our assumptions and prejudices were about to be upended by a virus.

On 14 March, two days ahead of the national lockdown, Wellcome sent all staff home and we closed our buildings, both our office and the adjoining Wellcome Collection. We told staff to work from home, and prioritise their own wellbeing and that of their loved ones. Our foresighted Digital and Technology Team had previously upgraded everyone to the latest version of Microsoft Office, including Teams. At the time, no one knew how much we would be using that platform and how much of our work could be enabled by it. We missed the daily human contact, we tried our best to support colleagues who were having a hard time and still we can be proud of the things we collectively achieved in the strangest of years.

So the pandemic was proof, to those who needed it, that it was possible to work effectively in ways that we had previously thought unimaginable. After the horrors of 2020, across the organisation from the top to the bottom and from every corner, there is a desire to take the learnings and put them to good use as we look forward to living and working more normally. Whether Churchill authored this phrase or not, it is just as relevant, even if the context is different; we should never let a good crisis go to waste.

At the end of 2020 my brilliant team (Anna Myers, Becky Thomas, Lisa Rigby Smith and Charlotte Johns) started to draw up a way in which we could address the following questions:

- What have we learnt from the pandemic about how we work?
- What is our vision for how we want to work in the future?
- How will we go about making and implementing these decisions?

This paper takes you through how we thought about what we wanted to create and how we leveraged the pandemic experience to bring about changes in the way that we work to deliver a more focused, healthy and inclusive environment. The first part of the paper explores three important contextual areas, critical to understanding the norms, assumptions and beliefs that we were working with in addition to our ambitions as an organisation. The second part of the paper introduces our vision and the four dimensions we considered in bringing about that vision:

- **Who** should decide the way our employees work?
- **Where** should our employees work?
- **When** should our employees work?
- **How** should we best facilitate the new ways of working?

The final part of the paper explores how we made these decisions and why we thought it was essential to engage with our staff in the process.

## Part 1 – The Context

There are many things in the context of Wellcome that are important to exploring, deciding and implementing a change in the way we work. In the interests of time, I will only talk about the three biggest influencers: our pandemic experience, the confluence with our new strategy and associated identified cultural shifts and finally, our desire to create an inclusive culture with support and respect for individual wellbeing. In my experience as an HR practitioner over the last 30 years, context is everything and needs to be attended to in order to achieve a successful outcome. Context, however, should never limit ambition.

### Our pandemic experience

Wellcome employs approximately 1,000 people (on a variety of different employment terms; permanent, fixed term and contract) to distribute approximately £1bn of annual funding to the research community (mainly in the UK but also in many lower- and middle- income countries), run the Wellcome Collection and manage our £29bn asset portfolio. Overnight, we sent our workforce home with their laptops, business continuity plans and told them to carry on as best they could. Despite caring responsibilities, illness and unprecedented uncertainty they surpassed what we could reasonably have expected, delivering phenomenal results in all areas of the organisation, showing huge amounts of compassion, creativity and determination.

We ran two staff surveys; one in June and the other in September to better understand how people were coping and what, if anything, we could do differently to support them. The survey had a high completion rate (92%) and so we were confident that the information had high validity. This information was key to guiding policy decisions and following actions. It also gave us key information about what our people might want in terms of future ways of working.

Our conclusion from this is that our staff wanted a much more flexible way of working. The majority of people can work effectively from home and want a different balance in how they spend their time between work and home. Moreover, as we have proved that working from home can be very effective, we must move on from our previous assumptions, concerns and prejudices about what staff do when they are not in the office.

### Our new strategy and associated culture shifts

In December 2018 Wellcome embarked on a review of how we fund science. In September 2019 that work morphed into a strategy review of all our activities excluding our Investment Team and the Collection. The strategy review took a 360-degree, holistic approach and had three work streams: our vision and ambitions, our people and culture, and our operations. The Board approved our new strategy in June 2020, including the culture shifts that we identified we needed to make to deliver on our vision and ambitions.

The culture shifts target the key changes we need to make in the way we work to make it more possible for us to deliver on our vision and ambitions. A key part of the shift is for us to have one clear strategy, supported by everyone knowing how their roles and objectives contribute. We want to bring the efforts of our people together and concentrate them on the four areas where we want to make our dent in the world.

What this tells us about our ways of working in the future is that we want one policy that applies to all our staff. We want to create a joined up, collective sense of endeavour across the organisation and this is supported by staff feeling that they are treated equitably, with common underlying principles and mechanisms. Our



challenge is that we do not have a uniform workforce; while we do have a lot of office-based staff we also have staff that work in the Collection, which is open to the public, including at weekends. It is vital that what we come up with includes the voices of staff within the Collection and is inclusive of their work patterns and work type.

### Inclusive culture with support and respect for wellbeing

Over the last five years Wellcome has been on a journey to improve the diversity of our workforce and those we fund. A key part of embedding this change is to take steps to create an inclusive culture. We want to create the conditions for everyone to be valued, feel psychologically safe and perform at their best. We also know that people will only perform at their best over the long term if they are maintaining, and supported in, their own wellbeing. We have embedded this in our strategy but it is worth pulling out the details as they are key to our thinking about the new ways of working.

What this tells us about what we need to consider is that our working practices need to be flexible and adaptable, with a good degree of individual choice. We know that when individuals have personal agency over their work, they feel better. And when they feel better they will perform better over the long term. We want our staff to feel good about what they are doing and how we are treating them as people. We will deliver our strategy because of our people and not despite them.

## Part 2 – Who, when, where and how

I take no credit for how we looked at the situation; framing up the issues and leading the organisation through to a good conclusion was the work of my team (big shout out to them, you know who you are!). We started by creating a draft vision of what we wanted. It was important for us to approach this from a creative angle rather than a problem-solving perspective. We believed that this would give us the best chance of delivering a progressive outcome for all our people and ultimately in the delivery of our strategy.

The starting point for our vision was:

‘Wellcome provides a collaborative and flexible hub for both our employees and our partners, offering flexibility where employees feel empowered to choose how, when and where they work to best fulfil their role in delivering Wellcome’s strategy.’

Early on we wanted to connect how we work to what we do; so we focused on delivering our new strategy and embracing employee wellbeing. The vision will doubtless change as we discuss with the Executive and the rest of the organisation. The important feature is that it is a mechanism for aligning around what we want to create and having that debate up front. If we do not do this, then we will all be arguing from unconscious assumptive perspectives at every decision point, making the process much harder to conclude and more likely to result in sub-optimal compromise.

Then we introduced the four dimensions of decision making to help us identify our new ways of working. What was going to help us create our vision and what could we support and make work in our day-to-day practice?

### **Who** should decide the way our employees work?

On a spectrum from organisation-led to employee-led ways of working, who makes the decisions? The things to consider here are how we create a community feel and consistent approach to the total employee experience when we want to give individual choice. In addition, we know that employee choice is a key component of wellbeing and productivity, so everything being decided at the organisational level is not likely to help us in delivering our vision. Finally, feedback from our employees indicates that a one size fits all approach will not work and will not help us in building an inclusive culture.

### **Where** should our employees work?

On a spectrum from historical practice at Wellcome (mainly five days a week in the office) to what we have experienced during the pandemic (mainly working from home); how much time should we spend in the office? Once again considerations of community versus individual choice are present. While many employees are not actually needed in the office at all to do their work effectively, we have some employees in the Collection who cannot do their work without coming into our buildings. This will not be easy to square and give an equitable employee experience across the organisation.

Depending on the choices we make, another challenge will potentially be hybrid working; where some employees will be in the office and others will be working from home. It will be very easy for employees who are working from home to feel left out of the side conversations that take place before and after meetings. Hybrid working practices will be a key area of focus to get right. We can perhaps be comforted by the fact that everyone adapted to remote working very quickly and although hybrid working is more complex, we do have a level of consciousness that did not exist before and I think this will help us in working it out. We will also be supported by a learning mindset here; no one yet knows how this will work but together we can figure it out.

Finally, there are also some inclusion and wellbeing considerations. Employees with low incomes may benefit from daily access to office space. Employees with certain disabilities may find it helpful not to have to commute into London every day, whereas from a wellbeing perspective it may be easier to miss warning signs without face-to-face contact.

### **When** should our employees work?

This needs to be considered as a spectrum from what was historically consistent practice at Wellcome (9 – 5, Monday – Friday) to what has been done throughout the pandemic (35 hours worked Monday – Friday at any time). There are some considerations that are present that we have discussed previously; team and inter-team collaborations and the challenge of including colleagues who work set shift patterns in the Collection. In addition, we need to consider if we want to have different working hours when we are in the office and when we are working remotely. This would be especially welcomed by staff with caring responsibilities but might make collaborations more difficult. We also have to consider how this would operate for those working part-time hours.

### **How** should we best facilitate the new ways of working?

On a spectrum of how we have worked before at Wellcome (individual desks in set areas) to hot-desking across the whole organisation, how can we best facilitate our vision?

Overall, our building configuration and our technology infrastructure will need to align to our vision of how we want to work. We will need to work out our footfall and usage, meeting room requirements, video conferencing, shared work spaces, and confidential spaces etc. Once we have worked out the answers to the first three questions, we will collaborate with our colleagues in Facilities to understand the best way to support how we want to work.

## Part 3 – Our decision-making process

Wellcome is a highly consultative organisation and the voice of the employee matters a lot. Our staff have told us that in the past we have over consulted and under delivered. We are consciously working to address this and one of the ways we are doing this is to build engagement plans into our work. On something as significant as deciding our new ways of working it is not only essential that we consult our staff but that they feel and trust we are truly listening to what they are saying, not going through the motions.

With that in mind, we have set out the vision and decision-making framework as a first draft to then take a step by step process of iterating and improving to finally deciding and implementing. Our first step is to gain early input from the staff networks (disability, parents and carers, etc). Then we will take it to the Executive for overall guidance and input and then we will go through a more extensive staff feedback process. Following that we will pull together a final iteration and take recommendations for the Executive to approve.

## Conclusion

This is exciting and heady stuff for HR practitioners and staff across the spectrum. There are many ways in which we can make progress on our wellbeing and inclusion agendas that have previously remained stubbornly stuck. Our staff can revel in new levels of managerial trust that a day at home does not mean a drop in productivity; they have consistently shown us that over the last gruelling 10 months of enforced home working.

However, there are challenges too that we need to address. Organisational cohesion cannot be taken for granted if individuals alone decide how and when they work. We have discovered that it's much harder to keep a look out for a colleague you're worried about if you can't see how they sit at their desk or interact with people; working remotely we might even miss that we need to look out for someone. These challenges will accelerate the complexity and expectations of managerial jobs. Movements such as #metoo and #blacklivesmatter have demanded that the ordinary manager ups their game, and these challenges will too. It will take more than a round of management development to help grow capability.

There are plenty of challenges for HR teams too. Making sure that our policies and processes support a change in our working practices is essential back up for managers and staff. This will cover the range of HR processes from onboarding and performance management to managing exits and handovers. When everyone is working from home, that is one thing, but when we have a blended working culture we will have to ensure that our visibility bias is balanced by more than our assumptions.

The final challenge for us will be amplified in our society and pushes us further down a path that has led to some of the current divisions we see. Some of our roles will not have the choice to work from home or the office as it pleases them; some of our roles can only be done in our physical buildings. So, the benefits of this new way of working are only available to some; the majority in our organisation but more in our economy. Being able to have some agency over when, where and how you work is great and will support lifestyle changes that improve health and wellbeing but only for some. The workers left out of this progress are the workers who are so often left out; those who work on shifts, are working unsociable hours and doing double shifts to make ends meet. They won't have the social and health benefits, and this will further divide our society. We must all be aware of this and take steps to include those who are either in our direct employment or are contracted to us through third parties. We must think creatively and be bold to ensure we don't further divide our society.

## Addendum

Since writing this paper we have now made our decision and we are going to run a 6-month trial from September with everyone back in the office on Tuesdays and Wednesdays. We are now in the process of developing the supporting policies and also the success measures we'll use at the end of the trial.

## The author

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Further information can be found here:

<https://wellcome.org/who-we-are/executive-leadership-team>

# Pay and reward strategies after Covid-19

Angels advancing back to fairness and security

Dr Duncan Brown, Principal Associate





## Introduction

'Fools rush in, where angels fear to tread' was the wisdom first expressed in 1711 by [Alexander Pope](#), our famous local Augustan moralist poet and satirist, here in Twickenham, . Forecasting pay and reward trends is, as I have found throughout my career, a fool's game at the best of times, never mind locked down in the midst of this unprecedented pandemic, as I write now.

I confidently predicted the death of job evaluation and a move to 'clean cash' in the 'greed is good' 1990s; completely missing the growing impact of EU-driven equality legislation, which strengthened the first, and flexible benefits platforms which quashed the second.

And while the years of anaemic economic growth following the 2008 financial crash surprised nobody, no-one I know or read forecasted the decade of real pay and pension cuts for the majority of the UK working population that we subsequently experienced in the 2010s; the worst decade for living standards for [at least 200 years](#).

Daniel Defoe published his Journal of the Plague Year ten years after Pope's observation, over 300 years ago. Although a novel, it was designed to promote the 'public good' and highlight the lessons learned to help to prevent any repeat, after a quarter of the London's population had been killed off by the last major plague that would strike the city until 2020.

Defoe wrote of the benefits of the forced collective lockdown imposed by the city's authorities, and of its downsides; the impact of 'the strange temper' and selfish behaviour of some citizens, which 'contributed extremely to their own destruction'. Partying pandemic super-spreaders are nothing new apparently.

Defoe was also the originator of the phrase, later borrowed in times of crisis by Roosevelt, Churchill, and many other leaders since, that the 'fear of danger is more terrifying than the danger itself'. Listen to [Roosevelt's electrifying inauguration speech](#) from 1933 and his announcement of the 'needed efforts to convert retreat into advance' with his massive New Deal investments designed to address the 'common difficulties of existence' of tens of millions of Americans.

We face not dissimilar challenges as a society, and as employers and HR and reward professionals today, working out just how to escape from this economic and health Armageddon.

So, what is the balance of 'retreat' to the pre-pandemic situation, and 'advance' to a 'new normal', of 'fools' and 'angels' in UK reward management now? And what do we need to do to convert the former into the latter in each case?

## Covid-19 contexts and choices

Your initial impression might well be that our 2020/21 version of the plague and Great Depression combined, coupled with its hugely detrimental health and economic impact, is not going to be good news for pay and rewards in the UK; and you would be correct of course.

The onset of the pandemic in 2020 saw a record decline in UK GDP–20 per cent in the first quarter–the worst year for economic growth at least since the Great Frost of Pope's time in 1708-09. As I write at the start of 2021, many businesses are locked down once again and unemployment is increasing now at record rates, surpassing even the Great Depression post-1929 (up by 370,000 in the third quarter of 2020 alone). Oxford

Economics forecasted a still awful 4 per cent decline in Q1 2021. Yes, the 2021 outlook for the UK economy looks distinctly gloomy.

Despite the denial of a repeat of post-2008 austerity, on November 25<sup>th</sup> the chancellor announced a '[paypause](#)' for the majority of the 5.5 million public sector workforce in order to help to begin to address the £2 trillion debt burden induced by the pandemic. Interestingly, he described it as 'fair', given what is happening in the private sector, although his political opponents labelled it as 'morally obscene'. [The TUC](#) described the chancellor's actions as 'a "kick in the teeth" to all key workers who had kept the country going through the coronavirus crisis'.

[Incomes Data Research](#) in its *Pay Planning 2021* review, covering over 300 employers, found slightly more positively that the median pay award in 2020 was 2.3 per cent, with 16 per cent of reviews resulting in a pay freeze, and significant variations by sector. Though almost half of reviews in 2020 were below the previous year and approaching two thirds of these firms predicted lower awards still in 2021.

For the more than five million UK self-employed workers, the work and income situation has been even worse, with no national insurance or sick pay to shield them, and a less generous government Self-Employed Income Support Scheme, as our director Tony Wilson has pointed out regularly over the past year,. In the second quarter of last year alone, their numbers fell by 180,000 and average incomes are estimated to have halved.

But I am going to argue more positively in this Perspectives piece. As the renowned epidemiologist Sir [Michael Marmot](#) puts it in his new report:

*'Inequalities in health, and in the social conditions that lead to ill health, have been revealed and amplified by the pandemic and the response to it... the "normal" that existed in February 2020 is not acceptable'.*

2021 represents a critical pivot and decision point for governments, employers, and HR leaders: do we move forward with new and fairer reward strategies, or revert to tired failing ones? Do we pursue investment or austerity, practice compassion and collectivism or continue to incentivise individualism and inequality? The choice and change are ours to make.

## 'All in this together?' The plague of inequality

### Rhetoric and reality for executives

*'All over our planet, we are all pulling together in a massive way to beat the health threat that has turned our world upside down'.* Bernard Looney, CEO, [BP](#)

Chief executives the world over have been prone to making similar 'we're all in this together' comments over the past 12 months in recognition of, and appealing to, their employees with varying degrees of justification. The trouble is that in their actual

treatment of employees, from the highest to the lowest paid, and their wider commitments to society and stakeholders beyond just their shareholders, the pandemic has shone a spotlight on chief executive and corporate practice as well as the wider unfairness of the social contract for business and the UK's welfare state itself.

Bernard Looney was appointed on a salary of £1.3 million, plus incentive schemes and benefits, in February 2020. His predecessor, Bob Dudley, earned [a total of](#) \$13.23 million in 2019. Through the UK's new pay ratio corporate reporting requirement, we can now

see that this was the equivalent of 543 times what the lower quartile earning employee in the Company earned that year.

[Analysis by the High Pay Centre](#) published in December showed that this was the second widest gap (after Ocado) amongst the UK's FTSE 350 companies. Amongst BP's peers in the largest FTSE 100 companies, the median CEO/employee median pay ratio was 73:1 and the median CEO/lower quartile ratio was 109:1. Forty years ago, the median chief executive was paid 18 times the median employee in their company.

Employees in most companies are less 'all in it together' with their leaders, pay and rewards-wise, than they were then, especially in companies with obscenely rich long-term executive incentive plans that do not enfranchise all the employees, like Ocado.

King Charles II apparently responded to the Great Plague, which killed 15 per cent of his subjects in London, by retreating to Hampton Court and not coming out until it was all over. Although according to the [National Archives Education Service](#), 'The Lord Mayor and aldermen remained to enforce the King's orders (successfully) to stop the spread of the disease... (and) The Council of Scotland declared that the border with England would be closed'. No change there, then!

But the historical reference raises some serious questions; which of these two courses of action are most of our political and corporate leaders pursuing today? And how will their leadership strategies will reflect the learning of Covid-19 in the future?

## Covid-19 and inequality

Covid-19 has therefore turned out not to be the equivalent of 'the great leveller' before the God of [Old Testament 'plagues and pestilences'](#) Defoe referred to. It certainly has not turned the UK's reward clock back to the 1980s, which was when I started my career and there were almost no executive incentive plans or zero-hours contracts in place. Covid-19 has had the reverse effect. It has intensified the UK's already deepening social, health and income inequalities—between rich and poor, male and female, white and black, older and younger. The economic and health impact in the UK and globally has been far worse on the already poor and lowest paid and on minority groups in society.

According to [Mckinsey's Covid-19 dashboard](#) the unemployed and the poor have been between 2.4 and 1.5 times more likely to die from Covid-19. The UK has one of the lowest rates of unemployment benefit and state sick pay in the OECD, which was intensified by the benefits freeze after the 2008 recession, averaging just 17 per cent of pre-employment income (in New Zealand its 34 per cent, in Germany 59 per cent).

Having given evidence on behalf of IES to the House of Commons Women and Equality Committee [inquiry on the unequal impact of the pandemic on people with protected characteristics](#), there can be no doubt that female employees have been disproportionately affected by this pandemic. According to the [ONS](#), the risk of death involving Covid-19 for people from Black ethnic backgrounds of all ages was two times greater for men, and 1.4 times greater for women, compared with those from a White ethnic background.

The precarious nature of much of the UK growth in employment over the past decade also came in for criticism by the committee, who were 'deeply concerned by the impact of the zero-hours contracts'. Women are more likely to be in low paid and insecure employment, resulting in higher rates of in-work poverty. According to the ONS, women make up the majority of low paid earners, (69 per cent) and the majority of keyworkers exposed to higher risks of contracting Covid-19. Furthermore, women make up the majority of those in part-time employment (74 per cent), temporary

employment (54 per cent), on zero-hours contracts (54 per cent) and in part-time self-employment (59 per cent).

Looking internationally, [The UN's conclusion](#) is that 'Despite the clear gendered implications of the crisis, response and recovery efforts tend to ignore the needs of women and girls until it's too late. We need to do better'. According to UN Secretary-General Antonio Guterres, who chastised governments last October for their lack of response, 'a higher level of ambition is needed to make the necessary policy changes'.

## Employment and reward policy choices: Retreat or advance, back to 'normal' or build back fairer?

As we have seen, the last austerity-dominated, supposed 'jobs miracle' decade, witnessed a huge growth in low paid, low skilled jobs, filled mostly by young and female workers, employed on precarious short-term contracts, while shareholder- and individual- driven incentive plans fuelled continuing escalation in executive remuneration and differentials. The focus in state and employer benefit plan designs switched away from collective security through defined benefit pensions, sick pay and insurance plans, to 'freedoms', individual choice, and flexibility. And risk.

These trends were not driven by some isolated and uncontrollable economic market force—Adam Smith's 'invisible hand'—but by a myriad of individual employer, remuneration committee, and HR decisions. Is this really what we want to go back to post-pandemic?

### More caring, flexible, equal rewards: The start of a trend?

The UK's Reward and Employee Benefits Association (REBA) has been surveying between 100 and 200 employers every couple of months on their pay and reward priorities and actions since the start of the pandemic last March, with the most recent fifth survey published in December. Perhaps unsurprisingly, they have found that the crisis has 'impacted on reward and benefits thinking in almost every business'.

Initially the surveys highlighted a focus on the immediate needs and concerns of employers and their employees: introducing the furlough scheme, providing PPE for keyworkers, organising homeworking, and introducing new benefits to support staff in that environment, ranging from home-schooling to online GPs, and therapists and mindfulness apps, dealing with the effects of reduced profits in many businesses on executive bonuses.

But as well as continuing to review and extend their employee wellness benefits, with twice as many employers investing more in employee benefits, there are signs in this latest survey of employers starting to look further ahead and plan their post-pandemic futures. Twenty-seven per cent plan to review their pay strategies and 20 per cent both to restructure their benefits packages and their existing bonus plans.

Additional factors, such as a renewed focus on responsible business and Environmental, social and corporate governance (ESG) in performance management and pay plans, and the need to re-engage workers after a fragmented and uncertain year, will also be high priorities according to the REBA survey, in 2021 and thereafter.

### Reward choices and actions for 2021 and beyond

*'The coronavirus pandemic has sharpened the focus on pre-existing inequalities across a range of policy areas. With the possibility of a vaccine and the end in sight, now is the time to tackle these inequalities, now is the time to carve a better, brighter future, now is the time to act.'*

Women and Equalities Committee inquiry report, December 2020

In that famous New Deal inauguration speech 90 years ago, Franklin D. Roosevelt pledged 'action – and action now', calling for 'bold experimentation'. He implemented major social and economic structural reforms, designed to ensure a security baseline for all Americans– social security payments, insurance protection, followed by the federal minimum wage.

Governments and employers will face similar choices in 2021, once the coverage of vaccinations now rolling out across vulnerable groups in the UK hopefully finally tames the virus. Broadly speaking, it is a choice of whether to retrench financially and economically, and retreat to the 'old normal' of the 2010s, or to invest in and advance to a 'new' employment and reward model of the 2020s.

We at IES would not deny the case for retrenchment. Nor would we underestimate the tough choices, bravery and courage required from our politicians and business leaders to do, essentially, the opposite and proactively invest further, beyond the 2020 emergency response, in the value and wellbeing of their people, in a climate of unprecedented financial and economic damage.

However, the tide is hopefully turning, as awareness of the practical impact of the last decade of austerity upon employment and rewards has become much more apparent during the pandemic. Seventy two per cent of us, according to a [Fawcett Society study](#) of public opinion, think care workers are underpaid; three in four people support carers getting the Real Living Wage; 65 per cent of us (including 88 per cent of Tory voters) agree with a rise in income tax to fund this.

We believe it would be a mistake to return to the reward world of the last decade once the virus has receded. However, much as we might all yearn to return from our back bedrooms to our previously 'normal' lives of coffee shop meetings, restaurant meals, and hugs with friends and family. It was and is, as I have outlined, a world increasingly characterised by significant weaknesses, increasing inequality, and unfairness; damaging both to employer productivity and employee wellbeing.

The pandemic has shown that flexible, 'just-in-time' economic and rewards models have failed, when a 'just-in-case' more secure approach was needed, and we believe that permanent changes are now required.

So, what does the 'new normal' involve? What are the key features of this 'society that will work for all'? And what is a more collaborative, equitable and caring employer rewards model?

The combination of state and employer support that will be required going forward was described to us Defoe-style, by 40 low-paid/low-protected workers that we consulted for IES's current research project, funded by the Standard Life Foundation, on the immediate impact of the pandemic.

To quote from our findings contained in the [interim report](#), when we asked them about what additional support they would value:

*'A wide variety of recommendations were put forward, including better awareness of workers' rights and legal protection in the context of Covid-19; greater assistance with job searches, retraining and childcare for those currently unemployed; and a range of financial support measures, from access to free financial advice services to further raising the Universal Credit standard allowance'.*

## Government actions

Prior to the pandemic, the government had recognised the growing damage of increasingly unproductive and insecure, uber-flexible and individualised, economic and employment 'gig economy' models. It had adopted many of the recommendations from the employment review it commissioned by the RSA's Mathew Taylor in its [Good Work Plan](#), published in late 2018, following up with a comprehensive gender



equality plan the following July: [Gender Equality: A road map for change](#)'.

Our common experiences over the past year, in highlighting the amazing contribution, but appalling pay and conditions of many of our low-paid, but no longer considered low skilled keyworkers, you might would think reinforce an implementation, but also a significant strengthening of the 'Good Work' and equality agendas. This is both desirable and feasible to enact in 2021, mostly through the government's much-delayed and ever-more- necessary employment bill.

You can read in IES' other policy publications about the wider reforms we support to rebuild the UK's welfare state and to make it fit for the post-pandemic future, including:

- Retaining and making the temporary uplift to Universal Credit permanent in 2021.
- Moving the rate of Statutory Sick Pay much closer to the level of the minimum wage level, as well as extending eligibility by removing the lower-earnings level floor on people entitled to it, and opening the plan up to the self-employed.

## Employer actions

My research over the years at IES has highlighted that the strategic goals of being business and market-aligned, and individually flexible, have overwhelmingly driven the reward policies of most UK employers in all sectors for more than two decades now.

I suggest that it is belatedly time to re-assert three other important reward principles and goals that research suggests are critical to the effectiveness of reward policies:

- being fair and consistent in how all employees are treated, with an appropriate distribution of rewards and maximum levels of reward transparency;
- reinforcing the collective identity, performance and contribution of the whole organisation and the teams and individuals it comprises of; and
- providing an appropriate degree of workforce security, health, and wellbeing to reward with compassion.

## Conclusions

Sir Michael Marmot's conclusion and answer to Roosevelt's 'retreat or advance' question is unequivocal: 'The "normal" that existed in February 2020 is not acceptable. The Covid-19 pandemic must be taken as an opportunity to build a fairer society'. This latest report is subtitled Build Back Fairer.

Stanford historian Walter Schneidel in his book *The Great Leveller*; and feminist author of *Paradise built in Hell*, Rebecca Solnit, , have both, from their very different occupation and political perspectives, considered the history of major human crises and disasters, including great plagues, depressions and wars.

Perhaps surprisingly, they both came to the same conclusion: that Daniel Defoe and the London aldermen who enforced our first lockdown, the Winston Churchills and FDRs, the New Deals and welfare state creation, are not actually so unusual. Such situations and challenges have often provoked major and successful collective efforts to rebuild and improve society. Schneidel concludes that it is the period following a pandemic, not during, that is the great leveller for income equality.

Solnit observed during the pandemic last year that:

*'In the midst of fear and isolation, we are learning that profound, positive change is possible. Ordinary life before the pandemic was already an environmental catastrophe, an obscenity of inequality. It is too soon to know what will emerge from this emergency, but not too soon to start looking for chances to help decide it. It is, I believe, what many of us are preparing to do'.*

I believe that IES' research supports a stronger emphasis on fair, collective, and compassionate reward policies, and practices in future pay and rewards, which would be a justified and highly beneficial outcome from the horror of Covid-19.

So where are you placed on FDR's decision: retreat or advance, invest or cut back? Please do keep IES in touch with your advances and seek our help with your retreats.

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# The future of the employment deal:

## What will the 'new normal' look like in a post-pandemic world of work?

Dan Lucy, former Principal Research Fellow, IES



## Introduction

The psychological contract represents the idea of an enduring mental model of the employment relationship. Each of us is considered to have, in our minds, a largely stable understanding of what to expect from our relationship with our employer. This mental model extends beyond formal, contractual rights and obligations to aspects of the relationship not written down, its intangibles, and ultimately issues, such as trust and fairness. In such a period of upheaval, as created by the pandemic and its likely aftermath, it seems reasonable to suggest that we will all be looking for signs of what the 'new normal' is, and making up our own stories about what it should look like. It is in this context that Human Resources (HR) would be well placed to start an open and honest dialogue about what this 'new normal' looks like, and for HR to shape collaboratively with employees a shared understanding of what an employment deal may broadly resemble. In the absence of a conversation, the likelihood is that employees will reinvent their own psychological contract without HR's input, and that is a path likely to lead to divergent expectations and disappointment on both sides.

This article looks at:

- What is the psychological contract?
- Why is it important now?
- What difference does it make and why you should care?
- How is it changing or may be likely to change?
- And, finally, and most importantly, what is HR's critical role in shaping a future 'deal' that is equitable and enables high levels of motivation and performance?

## What is the psychological contract?

The psychological contract is an individual's belief regarding the terms and conditions of a reciprocal exchange agreement between the focal person and another party. A psychological contract emerges when one party believes that a promise of future returns has been made, a contribution has been given and, thus, an obligation has been created to provide future [benefits](#). (Rousseau, 1989).

Perhaps the most important part of the above definition is the word 'belief'. The psychological contract refers to the beliefs and expectations that we develop about what we owe our employers, and what our employers owe us in exchange. Each of us has our own beliefs, shaped by experiences, those around us, and wider societal views about what is appropriate and fair to expect in a relationship between employer and employee. Our contracts are our own, individually arrived at personal interpretation of what is a fair deal.

## So, why discuss this now?

Simply, we are in the midst of significant change.

The last year or more has seen tremendous change in how, where and when people work. Large swathes of the working population have had to adjust to working from their own homes on a permanent basis. Others have continued to visit a physical workspace with additional restrictions in how they work, and with increased anxiety in many cases. Some have taken on additional responsibilities and roles, whilst others have been furloughed.



## The future of the employment deal

Such disruptive change, alongside living through a life-threatening pandemic, has altered expectations around work.

There is a long list of how expectations may have changed, or be changing, as a result of the pandemic. For employees, these include things such as:

- The perceived importance and role of work in individuals' broader lives – just how important is it compared to family, leisure interests, etc?
- The importance of health and wellbeing – how willingly will employees be prepared to potentially put at risk their own, or others, health and wellbeing through heavy workplace demands or poor health and safety practice, now that the fragility of one's own and loved one's health has become more salient, and possibly more valued.
- Changes in the extent to which an employee expects greater flexibility in where, when and how much they work. On the latter point, will some employees choose to work less, and prioritise other aspects of their lives, where they can afford to do so? On the former, will we see a desire for flexibility to be a default expectation rather than an exception that needs to be hard fought? Will the boundaries of flexibility be extended beyond some slight adjustments outside of core hours? In terms of place, beyond the idea of homeworking, will we see a rise in the phenomenon of the 'digital nomad', employees working in far-flung locations at a considerable distance from not just their organisations' offices but also their place or community.
- A change in the sense of connection and identification with one's employer, enhanced in some cases where individuals feel they have been treated well by their employer, and perhaps weakened where support has been less visible.
- An increased expectation, borne out of greater awareness during the pandemic of individuals' lives outside of work, that their employer, manager, and other colleagues, will know and care about their private lives, challenges and hopes, and that individuals will know and care about others private lives too.
- Perhaps finally, an expectation that individuals will be judged on the work they do rather than the hours they spend at work – their outputs rather than their physical presence at a place of work.

For employers, there is perhaps an equally long list, including:

- reconsidering the size and shape of office space provided;
- reviewing the pay and benefits on offer to employees, in particular things such as location premia;
- the career deal, what type of career is on offer and for which parts of the workforce;
- the extent of flexibility they are willing to offer for different roles and types of work, ensuring that work is designed in a way that reflects new realities and preferences but doesn't lose the creativity, innovation, and social cohesion afforded by time spent together;
- shaping what new hybrid working arrangements may look like, and what that means for management capability;
- assessing what the pandemic has laid bare in terms of impacts on diversity, and ensuring a future employment model that is fair and inclusive.

Above all, the question of 'what type of employer do we want to be' will be front of mind as both employers and employees reassess what they want work to look like.

## Why does it matter?

The crucial point is that because the psychological contract is based on our beliefs and expectations, it is at heart a deeply emotional construct. Breaches of the psychological contract can lead to feelings of anger, distrust, outrage and behaviourally the withdrawal of effort. It is basically an 'engagement killer'. Put more positively, high mutual obligations are significantly more likely to lead to better outcomes for the organisation, such as higher employee commitment and the associated benefits of discretionary effort. Something which is fundamental to the effective functioning of organisations in times of change.

## What might a new employment deal look like?

Whilst the idea of the psychological contract is, in one sense, a very individual idea, it is also connected to, and influenced by, societal expectations and attitudes. It is influenced by the social contract, which is widely held views around what an employment relationship should broadly look like. Research by [Gartner](#) has argued that three broad shifts are happening to the employment deal as a consequence of the pandemic, and that employers need to react to these, if they want to remain competitive in their attempts to secure talented employees. The three shifts are:

1. Radical flexibility – post-pandemic, employees will want personalised flexibility. They will want to be able to easily negotiate flexibility in where, when, and how much they work without too many constraints or inflexibility on the part of their employer.
2. A more human employment deal – Gartner argued that the experience of a steady stream of Zoom calls peering into others' lives has made the 'humanity' of colleagues at work more visible. We know more about their daily lives, challenges and loved ones, as the pandemic has made the revealing of personal circumstances necessary. Employees, in future, will expect their managers and employers more generally to know and care about their lives outside of work, and maybe do more to support the loved ones they care about. One can argue that taking an interest in the personal lives of colleagues was always a sign of a good manager or team member, but this has now become more of an expectation rather than a lucky happenstance.
3. Greater action on social responsibility – Gartner argued that employees now want to work for employers who are seen as taking action to progress social movements such as Black Lives Matter and MeToo rather than simply issuing statements of support.

That is a decent list. However, there are additional things we should consider as components of a future employment deal. The first is that of health and wellbeing. As individuals, we have, as one commentator I spoke with recently put it, all metaphorically 'stared death in the face'. This is true to some extent, but it is probably also true to say that we all have become at least slightly more aware of our own mortality. At the same time, the potentially adverse health and wellbeing impacts of remote working in the pandemic have been laid bare by IES research during the first lockdown more than 12 months [ago](#). Interim findings showed increased risks of poor musculoskeletal and psychological health, and adverse health behaviours, such as drinking more alcohol, poorer diet, and taking less exercise. This shift is perhaps also being recognised at a corporate level with major investors recently reporting that they would not be investing in Deliveroo when it lists on the Stock Market because of concerns over its working [conditions](#). This is two- fold. On the one hand, this is a reflection of an assessment of business risk and the possibility of increased labour costs as a consequence of potential changes in legislation. But it is also a recognition that, for

many, poor working conditions are not socially acceptable.

In addition, not explicitly mentioned within the Gartner research is what will happen to the offer of a career in the new employment deal? In previous recessions, the idea of a career, except for a privileged few, has been lost in a wave of restructuring, delaying and outsourcing. Well, at least initially, until employers realised that the idea of a career was still fundamentally very important to individuals to recruit and retain the critical and skilled talent they needed. Employers also realised that, in the midst of constant change and the requirement for a flexible and agile workforce, the practices and supports of effective career management are actually incredibly helpful for achieving that desired agility. The 'job for life' may have disappeared out of view a long time ago, and traditional hierarchical progression may not be an option in many cases, but employers should not lose sight of the importance of a sense of a career for most people, especially those they likely want to attract and keep.

Most employers could do more in giving their prospective and current employees a sense of the types of work on offer and the skills required, as well as helping individuals have a better sense of themselves, their skills and capabilities, and the types of work they could do now and in the future given the right support. The right support is typically a combination of what the individual can control in terms of motivation and learning, and what the employer can control in terms of access to advice, support, development and deployment. Moving into the future, wise employers will not discard the notion of career management and will understand that this is both something talented employees will want and also something which supports their own aims of greater workforce agility in the changing world ahead.

## Concluding thoughts

As we move, hopefully, out of the pandemic and return to something approaching a more normal state of affairs, the employment deal will have changed. The experiences of employees and employers during the pandemic has created changed expectations on both sides. Many of these changed expectations will only emerge as organisations start to negotiate a return to some sort of normality, and some may not emerge at all, unless explicitly brought out into the open by skilled HR practitioners – alive to the shifting sands of social attitudes and values.

In broad terms, though, it seems a new employment deal may, in part, be characterised by expectations of personalised flexibility, employer commitment to an increasingly active social responsibility, greater care and concern for employees' lives outside of work, a focus on health and wellbeing as a business asset as opposed to simply a business risk, and a re-emergence of the importance of career management in organisations.

There are, as ever, more questions than answers when it comes to rapid change, but it may be worth starting with asking some questions to start framing a strategic response. For example:

- Do you see any evidence of changing expectations on the part of employees in your organisation? And if so, which groups, and in what ways?
- Do any of the suggested shifts in the employment deal ring true to you and your organisation?
- How have your work expectations, and those of close colleagues, changed during the pandemic? And how does that reflect any wider change you think you may be noticing?
- And if you do see change, how can you best initiate a conversation around what a new deal may look like, and start to shape a response?

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# The dopamine dividend: In the mood for employee happiness?

Stephen Bevan, Head of HR Research Development





## Mood tracking – how are you feeling now? And now?

Psychological wellbeing at work is increasingly being seen as a factor of production or even as a source of competitive advantage in knowledge-based organisations. Employers want engaged, motivated, creative, innovative, cognitively flexible, resilient, committed and fulfilled workers. Yet it is now much clearer that, despite all of these benefits, poor mental health in the workforce can represent a costly disruption to productive capacity and a risk to business sustainability and stability. Doing more to protect the mental health of employees is not just a human and responsible thing to do but also an act of enlightened self-interest (Bevan and Cooper, 2022).

The way that both the theory and practice of managing people at work have evolved in recent years illustrates how some of the complex interactions between mental wellbeing, motivation, engagement and neuroscience have started to become a recognisable part of the managerial 'toolkit'. This has given rise to a small but growing 'happiness' industry in which providers are jostling for position in the race to monitor the mood of the workforce.

It is no longer enough to carry out an employee survey every two years to check on staff morale. It is much more common to have a smartphone app or even a wearable device to capture in real time the daily fluctuations in our feelings, emotions and moods.

Some argue that, with mood tracking apps and wearable devices to capture how we are feeling 24/7, we now have an impressive choice of technologies at our disposal which can help employers and employees monitor, analyse and manage our emotions and mood at work. Each of us can now access personalised support to ensure that we need never be unhappy or disengaged at work again. Others argue that the commodification of our motivations, pleasure hormones and impulses is just one step away from a dystopian vision of work in which surveillance, monitoring and manipulation of our mood become as familiar a business metric as headcount, sickness absence or hours worked.

In this paper we will look at why emotion and mood at work has become such a commodity. We will ask about the science behind the explosion of mood tracking apps and the practical and ethical choices we need to make before we embrace this technology as a mainstream tool for worker wellbeing, engagement and productivity enhancement.

## What makes us happy?

Doesn't everyone want to be happy? That, at least, should be a goal that unites us all – despite any differences we might have. There are many definitions. One which seems to be uncontroversial comes from Sheldon and Lyubomirsky (2007) who argued that happiness is:

*'...the experience of joy, contentment, or positive wellbeing, combined with a sense that one's life is good, meaningful and worthwhile.'*

However, in some respects, that is where the unity stops. Once we get under the bonnet of happiness as part of the human condition, it quickly becomes clear that each of us is looking for slightly (or sometimes radically) different sources of happiness. Relationships, money, security, adventure, property, recognition and solitude can all make some of us happy to different degrees for at least some of the time. For the most part, this diversity is enriching and makes life very interesting. If we were all made happy to the same extent and by the same things, then the worlds of retail, entertainment, culture, travel, online dating and work would be very dull indeed. If we

focus just on happiness at work for a moment, we now accept that different aspects of doing a job and working for an organisation deliver happiness, contentment, joy and fulfilment in different ways to different people. Yet, not that long ago, such a view was seen as over-indulgent and unnecessarily complicated for some who were 'thought-leaders' on work, motivation and productivity.

For example, at its most basic, the philosophy underlying Frederick Taylor's 'Scientific Management' approach largely bypassed the idea that there could be meaningful individual differences in motivators between employees. Taylor advocated breaking jobs down into small components, attaching payments to the performance of each task and relying on the motivational power of the need by the average worker to earn money to deliver outputs and to drive up productivity. Expectancy theory at its most basic (Vroom,

1964). For a while, and within certain work settings, this approach delivered results and had the advantage of protecting foremen, supervisors and managers from the need to indulge the individual preferences of the workforce.

The essence of Taylor's approach remained popular among many business leaders because, in the short term at least, it delivered results and it attracted some superstar adherents. Henry Ford, for example, was both an innovator in automotive manufacturing and a strong believer in a notably 'instrumental' model of human motivation. Ford famously rejected the idea that happiness, joy or contentment had a significant part to play in the workplace:

*'When we are at work we ought to be at work. When we are at play we ought to be at play. There is no use trying to mix the two.'*

So, in some ways, the practice of psychology at work began with widespread belief in the principles that:

- Even if workers were motivated by different things, narrowly constraining their work and linking all of their activity to the pursuit of cash essentially removed the need to pay any attention to whether or not they were happy. Obedience, hard work and compliance were all they needed to display.
- Fulfilment, meaning, contentment, joy and happiness were needs which should be preoccupations outside of the workplace.

It's hard to imagine that the modern mantra of 'bring your whole self to work' would have cut any ice with Henry Ford. Indeed, his own happiness at work seemed to be very much linked to whether his workers were choosing to spend their wages on one of his cars. Today's landscape is very different because, rather than doing everything possible to downplay the role of human happiness at work, most modern workplaces are characterised by practices which try to harness the need we all have in our jobs to achieve something meaningful, to connect with others, to find our work intrinsically rewarding and to contribute through our efforts to some wider, animating purpose. While it is easy to over-romanticise these needs and instincts, and it is certainly true that our drive to achieve these things (or the opportunities to do so) varies widely, it is not controversial any more for bosses to be concerned about the subjective wellbeing and satisfaction of their employees. Happiness at work has gone mainstream.

One of the reasons for this is that organisations realise that our so called 'affective states' are strongly linked to behaviours which employers want to encourage. These include choosing to join an organisation in the first place, attending work regularly, performing well in our jobs and choosing to stay rather than quit. Many employees recognise that morale, motivation, engagement and mood can be quite good predictors of these behaviours so monitoring even subtle changes in mood can give

them an edge in understanding and predicting some business-critical behaviours. So, let's explore the concept of moods in a little more detail. Moods are defined as:

*'...affective states that may last from several hours to several days and are strongly influenced by external events and by factors such as stress, social activity and exercise as well as by endogenous cycles or rhythms.'* (Ortiz and Grof, 2016).

It is the sometimes short-term or transitory nature of some moods which differentiate them from more permanent or stable traits such as optimism or pessimism. Organisational psychology and human resource management have taught us that enriching jobs and making them rewarding can contribute to job satisfaction. In the 21st century workplace it is now felt to be important to embrace the neuroscience of happiness, motivation and mood to truly understand what might trigger an employee's reaction to their working conditions, their boss or their workload.

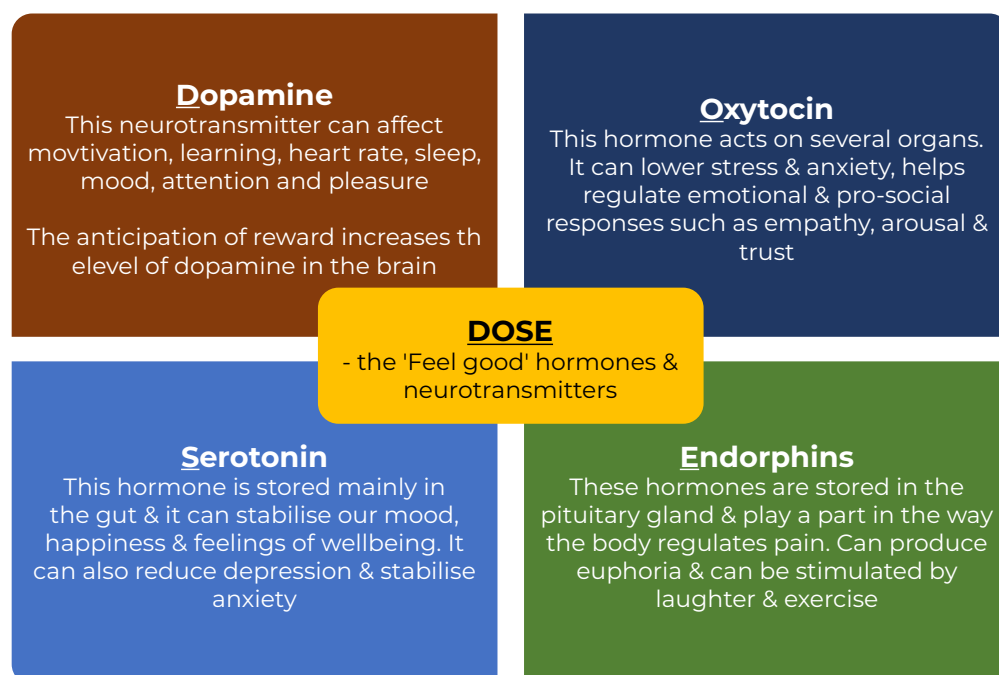
Our definition of 'mood' emphasises that our emotions and affective states can swing quickly and are influenced by many factors. This volatility informs the rationale for keeping a close and regular eye on the mood of employees so that variations can be anticipated. This is partly why 'pulse' surveys have become so much more frequent in recent years. Mood tracking is becoming an equally attractive idea for some employers because it offers the chance for employees to monitor fluctuations in their own emotional wellbeing and to play a more active part in the regulation of their own moods.

This all raises at least two philosophical points about our journey from Taylorism to neuroscience as a foundation of management practice. First, the emphasis on self-monitoring and self-management is not so far removed from the idea of self-cure. Although most mood tracking apps offer signposting to third-party support for those with high levels of anxiety or distress, it can be hard to escape the implication that it is largely down to the individual to manage their own mental health. This is a criticism sometimes levelled at interventions aimed at improving 'resilience' at work - that they focus more on boosting an individual's resources and coping strategies without paying as much attention to the work demands or organisational culture which may have contributed to the problem.

Second, this interest in neuroscience signals the crossing of a new frontier in human resource management: the appropriation of so-called 'feel good' hormones and neurotransmitters in the pursuit of enhanced employee engagement, wellbeing and productivity (Davies, 2015; Zak, 2018). Specifically, the research in this field has focused on the four so-called DOSE brain chemicals and the ways that each influence our mood motivation arousal and drives (Breuning, 2025; da Silva et al., 2018; Mani and Mishra, 2021).

Figure 1 sets out the roles that dopamine, oxytocin, serotonin and endorphins play in stimulating happiness and motivation.

**Figure 1 'DOSE' brain chemicals linked to happiness and motivation**



Source: Institute for Employment Studies, 2021

The scrutiny of moods through self-monitoring apps, through facial and voice recognition software or even with brain wave or muscle tension measurement, illustrates that a growing number of tech developers and employers believe there is a 'dopamine dividend' to be gained from investments in these tools. Let's take a closer look at these technologies and the evidence base which might give us confidence that their use amongst employees is warranted and beneficial.

## Technology and mood tracking

Mood tracking or monitoring has a long history, especially in clinical settings. As Ortiz and Grof (2016) explain, the modern emphasis on self-reported mood has echoes in early 20th century psychiatry which placed considerable emphasis on the fluctuations in moods described by patients with, example, bipolar disorder.

Although - later in the century - clinical practice became more reliant on what were seen as less subjective diagnostic criteria and observations made by psychiatrists themselves, there has been a more recent resurgence in the use of self-reports and a recognition of the authenticity and importance of the lived experience and the patient voice. Today we have both a widespread recognition that mental health at work is an important topic (especially given the challenges of the pandemic) and the proliferation of personalised, portable and wearable technology which allows data on mood and emotional wellbeing to be collected, stored and analysed.

Perhaps the dominant technology currently in use is the smartphone app. There are thousands available which allow users to monitor their exercise levels, nutrition, alcohol intake, blood sugar levels, sleep quality and even whether their headphone volume is within safe limits. The growth of mental health and mood tracking apps has been noteworthy, and these are now more commonly used by employers as part of sophisticated employee benefits packages aimed at promoting health and wellbeing. In most cases, mood tracking apps require users to record their mood or emotional

state at least once a day using simple visual ratings (often 'smiley' faces, Branco et al., 2020). These data can be accompanied by other metrics, where the user is prompted to report how well they slept the night before, whether they have taken any exercise, how well-hydrated they are and so on. This can allow the user to see whether their prevailing moods are associated with other aspects of their lives (for example, if their moods are lower after poor sleep). Occasionally, an app may prompt a user with several consecutive days of low mood to consult some additional resources. Others only provide 'rewards' if the user makes several consecutive entries, regardless of the mood recorded. Almost all of these apps have, in their terms and conditions, disclaimers to remind users that they use the app at their own risk and that they should consult a professional rather than rely on the app for clinical guidance. Despite this caution, mood tracking and mental health apps in the modern era should, in theory, have a number of benefits (Mahli et al., 2017):

- They are inexpensive (although many require payment for additional features).
- They can reach large numbers of people.
- They have the potential to reach and support stigmatised or hidden groups who may be reluctant to seek help in a way that is revealing of their identity.
- They offer 24/7 accessibility.
- Their content can be updated regularly with the latest data or advice.
- They are more likely to be acceptable to younger people for whom apps are a normal way of consuming and interacting with online content (Matthews et al., 2008).
- Most enable simple and accessible visualisation of patterns and trends in an individual's data.
- They can provide access or signposting to supplementary and targeted support material, short videos and educational material for people with issues with sleep problems, eating disorders, anxiety etc.
- They allow almost instant feedback and support.

Several studies have looked more systematically at the content and functionality of these apps. Nouri et al. (2018) conducted a review of 23 papers and found a large number (38) of ways of assessing the effectiveness of mental health apps with an unhelpful vagueness and overlap in the ways these assessment criteria were applied. This lack of any systematic framework for evaluation led the authors to conclude that the apps under review were too heterogeneous to allow firm conclusions to be drawn. Caldiera et al. (2018) carried out a 'feature analysis' of 32 of the most popular mood tracking apps. The authors used a 'personal informatics systems' framework to categorise the ways the apps worked. The results indicated that most of the apps focused significantly more on the 'preparation' and 'data collection' stages of the model and much less on the 'reflection' and 'action' stages, during which users are guided on how they can make sense of their data and use it to adjust aspects of their lifestyle.

Larsen et al. (2019) conducted a similarly systematic assessment of 73 mental health apps. Of these, 64 per cent claimed to be effective at diagnosing mental health problems, improving symptoms and supporting the self-management of mood. However, only 1 of the 73 included a citation to a robust published study citing supporting evidence. In addition, only 14 per cent had explicitly included people with lived experience of mental illness in their design. One study (Peters et al., 2018) which



did include user experience as a major part of its design found that, in male-dominated workplaces, stigma about mental illness was high and that smartphone apps which used terms such as 'mental illness' were viewed with suspicion as they were felt to reinforce stigma and act as a barrier to use. Clearly, for many groups, language matters.

Research by Dunkl and Jimenez (2017) interviewed 438 business leaders about the likelihood of using mood tracking apps with their employees. Younger leaders in the sample were more positively disposed to the use of such apps, although the majority were unhappy about over-reliance on an algorithm to generate feedback and guidance to users, with most preferring that users had face-to-face or remote access to an expert in clinical psychology or related discipline to offer tailored advice.

Rowland et al. (2020) reviewed the literature on the clinical effectiveness of mental health apps. They, too, noted the lack of well-designed evaluation studies, the lack of user involvement in their design and the potential for selectivity and bias in the way results are reported. They highlighted that, even in the cases where apps received positive reviews from users, almost none were able to demonstrate a sustained impact beyond a few weeks (findings echoed by other studies – eg Alavian Ghavanini et al., 2018). The authors conclude that:

*'there are only a small number of clinical scenarios where published evidence suggests that mHealth apps may improve patient outcomes'.*

Some reviews have found more positive results. Linardon et al. (2018) carried out a meta- analysis of 66 studies of app-based smartphone interventions aimed at supporting mental health. Apps had a more positive impact on depression and anxiety symptoms than conventional interventions, but had no measurable impact on panic symptoms, post- traumatic stress or low mood. Apps using a cognitive behavioural therapy element also performed better.

Another area which receives some tentative support is in the guided use of mindfulness techniques facilitated by wearable devices capable of picking up respiratory patterns and presenting them visually via a smartphone app. A small trial (169 people) conducted by Smith et al. (2019) found that, after four weeks, subjects in the intervention group reported 28 per cent fewer days of feeling anxious or stressed than those in the control groups. However, no other aspects of subjective wellbeing were positively affected during this trial.

Although there is an understandable focus on smartphone apps, it is worth recognising that there is a growing array of technologies which can detect variations in moods and emotions, each of which have current or potential workplace uses.

### The British Airways 'happiness' blanket

In business sectors where a company's ability to make you happy, contented and comfortable gives them a competitive edge, technology is being trialled which brings science to the art of customer service. British Airways, for example, has been experimenting with a 'happiness blanket' which can signal a customer's mood to cabin crew, even when they are asleep.

It works in conjunction with a headband, which measures your brain wave activity, then wirelessly conveys it to the blanket, which is embedded with red and blue LED lights. The blanket uses neuro-sensors to measure the electrical fluctuations in the neurons of passengers' brains, and changes colour depending on their state of mind. They flash red when they are miserable or blue when they are in a 'Zen-like state of mind'.

As a BA spokesperson explained, 'What we found was that the blankets turned bluer when people were relaxing, such as sleeping, listening to relaxing music, or eating, as that created a feeling of wellbeing. However, eating cheese for example can often turn the blankets red, as that releases a chemical in the brain which increases brain activity.'

It may not need such a leap in imagination to think of work-related scenarios where brain wave activity could be captured to identify different mood states of employees in safety-critical jobs, or where the non-verbal monitoring of emotional wellbeing might provide an early warning of a risk of a dip in performance or an expensive error.

Of course, the days when answering a simple question from a boss or colleague to report on your mood in a face-to-face conversation or in a questionnaire seem to be ending. With so many of us now using video calls to connect with colleagues or clients these days, the rise of facial recognition software which can identify your emotional state is almost complete. And there is no shortage of such applications to choose from.

### Facial recognition of emotions – Imotion and Rekognition

Imotion software, for example, detects what it calls *'the nonconscious muscle movements of the face that occur in response to subliminal exposure of emotional facial expressions.'*

By using facial electromyography (to detect changes in muscle activity that may not be visually detectable), their analysis has shown how *'psychophysiological responses occur in even in the absence of conscious awareness, suggested to be the result of nonconscious cognitive processes.'*

The company explains that it provides *'non-intrusive methods with which to assess human cognitive and emotional states during or after training and performance scenarios like simulations, virtual reality, occupational safety exercises, remote work and telecommunications, or task execution. Combining these biosensor modalities provides an even more nuanced and detailed understanding of the underlying behavioral, cognitive, and attentive processes connected to an individual and his or her performance than pure observation, questionnaires, single sensors, or reviews can achieve.'* So, who knew that so much about our mood could be detected digitally from just a frown, a grin or a yawn?

Amazon has its own company offering business customers a facial recognition application which identifies at least eight emotional states. Rekognition has been

assessing emotions in faces along a sliding scale for several categories: happy, sad, angry, surprised, disgusted, calm, confused and fearful. Amazon does caution customers about relying too heavily on readings of emotions using its tool. It says that *'a prediction of an emotional expression is based on the physical appearance of a person's face in an image. It doesn't indicate a person's actual internal emotional state, and you shouldn't use Amazon Rekognition to make such a determination. For example, a person pretending to have a happy face in a picture might look happy but might not be experiencing happiness'*. Despite this disclaimer, it is not hard to imagine a number of commercial and workplace applications in which such capabilities would be very tempting to exploit.

It is not just facial expressions which can reveal our emotional states. For some time, it has been known that aspects of the way we speak, especially in certain circumstances, can give an indication of our mood and can be detected by software applications.

### **Detecting stress from voice measurement**

In a number of studies reviewed by van Puyvelde et al. (2018), the different components of the spoken word which reveal something of our affective state were examined. For example, 'jitter' - tension of the cricothyroid muscle or fluctuations in subglottal pressure - can result in subtle variations in the voice (phonation) or even hoarseness if a person has a high emotional load. High levels of physical exertion and 'perturbations' of breathing caused by emotional distress can also be detected via software. Emotional wellbeing is also thought to affect the muscles involved in the shaping of the resonant cavities of the vocal tract system, which are involved in sound shaping and vowel and consonant pronunciation. It is also thought that people seeking to conceal anxiety can exhibit over-accurate articulation of some words when under a high cognitive load, which may be indicative of an effort to speak in a more controlled manner.

Finally, even the most minute and barely detectable movements in parts of our bodies are sufficient to indicate our emotional states.

### **Detecting stress from muscle movements**

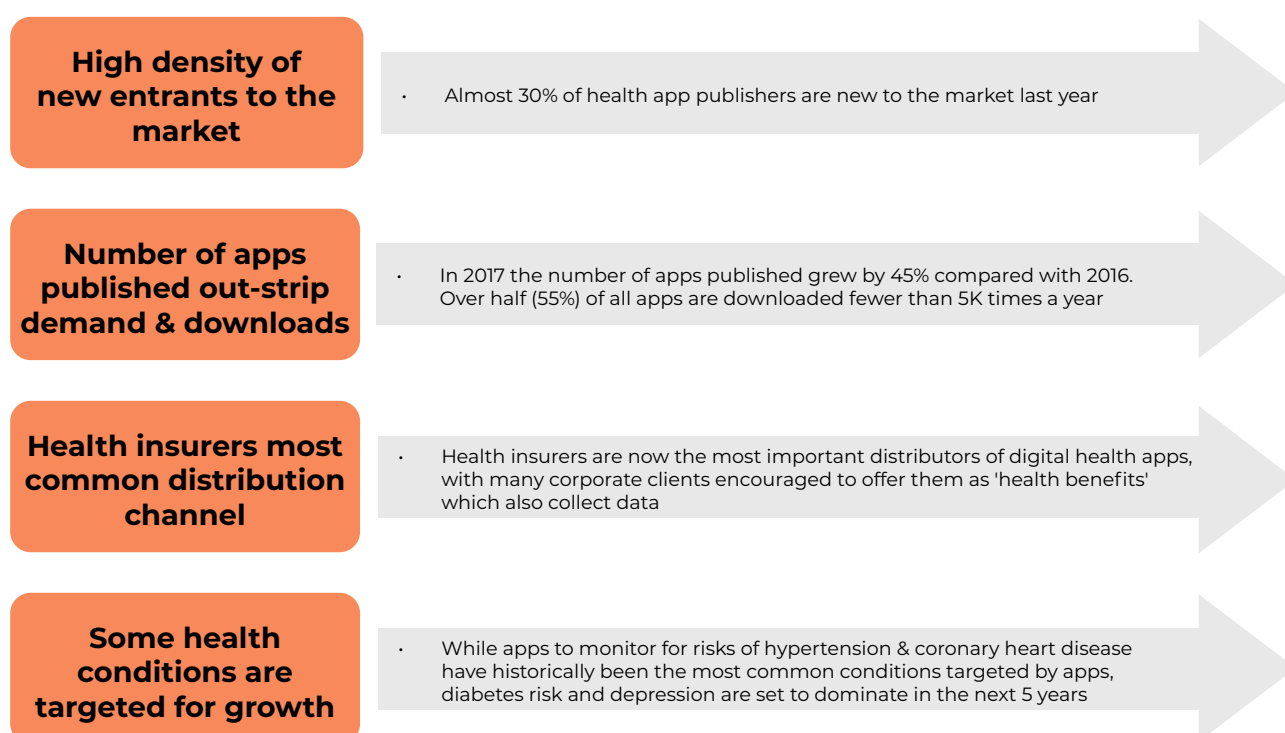
One study (Kim et al., 2020) discovered that there is a relationship between the muscle tension in the arms of computer mouse users and their levels of stress. Researchers attached remote sensing devices to the upper arms and forearms of workers who routinely used a mouse and found that the way the mouse was gripped, moved and used was a predictor of anxiety and emotional distress.

Evidently, despite our efforts to conceal or disguise them, many of our moods and emotions are on display for much of the time and can be detected, recorded and analysed by an increasingly diverse range of devices and technologies. Some of these applications may have desirable uses. For example, detecting an elevated degree of distress in an air traffic controller or a build-up of stress in an ambulance call-handling employee. Other applications may have less obvious utility, despite their novelty and superficial attractiveness. So, what are the 'rules' governing the use of this technology and how should we make sure that they are used responsibly and transparently?

## Mood tracking – unregulated ‘bandit country’ or responsible governance?

It seems that the mood tracking app and other digital technologies which monitor our emotions at work and beyond are gaining a momentum all of their own. Such has been the proliferation of these tools, it might even be argued that their growth is sometimes more ‘provider-led’ than a genuine response to a well-articulated demand from either employees or employers. Data collected on the whole health app market by business analysts Research 2 Guidance (2017), suggest that the explosion of health apps in the UK, European and US markets is not necessarily a reflection of a strong growth in demand. Figure 2, below, sets out some headlines from some recent market analysis.

**Figure 2**      **Characteristics of the digital health app market**



Source: Research 2 Guidance, 2017

One concern here is that individuals and employers wanting to invest in mood tracking products are faced with a sometimes bewildering choice. Without regulatory or even clinical oversight, of course, there is a significant risk that an eye-catching app, with innovative features, will appear a more attractive ‘perk’ than a more workaday app underpinned by more clinical evidence and producing better and safer outcomes.

We have to remember that, in most cases, any persistent low mood detected by an app or wearable device (or a blanket!) might be a ‘red flag’ for an elevated risk of clinical depression, an anxiety disorder or even something more serious. So, mood tracking is not a game, nor should it be entered into lightly without some clear-sightedness about what an individual or employer should do if such a ‘red flag’ presents itself. Some argue that anew framework of ethics, regulation or governance may be needed to ensure both the design and application of mood tracking tools are subject to high standards and appropriate oversight.

### The dopamine dividend: In the mood for employee happiness?

Although not developed specifically for mood tracking technology, the National Institute for Health and Care Excellence (NICE) has produced guidance about the design and use of a number of digital technologies. First, it recommends that five key areas of risk should be routinely assessed. To do this, NICE suggests using these contextual questions to identify any potential specific risks associated with a digital health technology, all of which seem perfectly applicable to mood tracking apps too:

- **Are the users in vulnerable groups?** Are these users always 'competent' to use, interpret and act upon the data generated by the technology in a safe way?
- **What are the consequences of technology failure?** Could a failure elevate either the risk of harm to an individual or increase their vulnerability?
- **Is there professional oversight?** Is a qualified person or body on hand to anticipate or manage the consequences of an adverse event such as an emotionally vulnerable person being 'triggered' by a feature of the technology?
- **Is artificial intelligence used?** Are algorithms capable of managing all adverse scenarios? Can they raise the alarm, alert a third party or provide 'signposting' to further resources if a non-routine problem occurs?
- **Is a very high cost expected?** Could an individual or employer become over-reliant or 'locked-in' to the use of a technology or even be drawn unwittingly into incurring unforeseen expense by using it?

Another important goal of oversight is to ensure that the purpose of any digital tool is clear to the user. In Figure 3, below, we have adapted the 'functional classification' model produced by NICE to help clarify the potential applications of these technologies.

**Figure 3** NICE functional classification of digital medical interventions

<b>Prevention</b>	• Behaviour change to address public health issues like smoking, eating, alcohol, sexual health, sleeping & exercise
<b>Self-management</b>	• Allows people to self-manage a specific condition & may include behaviour change techniques
<b>Treatment</b>	• Provides guides or treatment
<b>Monitoring</b>	• Active tracking patient location, using wearables to measure, record or transmit data (or both) about a specified condition & uses data to care guide
<b>Calculating</b>	• Includes a calculator that impacts on treatment, diagnosis or care
<b>Diagnosing</b>	• Diagnoses a specified condition or guides diagnoses

Source: Institute for Employment Studies (IES) adapted from NICE



Clearly, for both user safety and to match the tool to the context in which it will be used, it is essential that an app is not used, for example, to diagnose a mental health problem if it is not designed or validated to do so.

## Monitoring mood at work – where next?

If mood tracking and other technologies which can capture data on our affective states are here to stay, what does the future hold, what safeguards do we need to put in place and how happy should we be that our employers are taking such a close interest? In this final section, we will take a look at some of the issues which our search for a 'dopamine dividend' raises about the future of neuroscience as another branch of human resource management. We think there are at least four questions we need to ask if we are going to allow mood tracking to become a mainstream part of modern management practice.

### 1. **Is mood tracking a 'perk' or an intervention?**

Most responsible employers are genuinely interested in the mental wellbeing of their employees. They know that stress, anxiety and depression are being destigmatised and can affect staff absence, customer service and productivity if they are not managed well. Employers offering employees access to mood tracking and other health apps via their workplace health promotion packages (often through health insurance or benefits providers) do so in ways which allow individual employees to use them as they wish – as a voluntary method of keeping track of their mood, sleep or hydration, with simple, non-intrusive guidance and support for those who want to use it. Almost all of the apps have an abundance of disclaimers about the clinical validity of these tools and almost none purport to have any diagnostic or treatment role – correctly referring employees with concerns or symptoms to seek support from a medical professional. But the boundary between a weekly or monthly 'pulse' survey and hourly data collected via smartphone, a wearable device or a facial recognition tool embedded in a videoconferencing programme may be more porous than we currently think. Many of us would consider the crossing of this boundary to be a violation of a number of privacy, data security and ethical principles.

For example, capturing mood data from smartphones or laptops to build an aggregated picture of the emotional state of a team or the whole workforce is technically possible now. Without a clear ethical or governance framework to provide oversight of the future development and use of these technologies, there remains a risk that mood tracking shifts from being a moderately benign activity to one with more than just sinister potential.

2. **How do we ensure consent, supervision and governance works?** No matter how benign most of these technologies currently appear, those that develop and promote them will always have a number of questions to answer regarding ethics and governance. For example, how do the designers of the apps and the employers who promote them ensure that any potential adverse impact on vulnerable subjects is being mitigated? For example, an employee with a pre-existing but undisclosed anxiety disorder or an employee with a history of suicidal ideation may – in certain circumstances – be at an elevated risk of an episode of distress which may need clinical support. Very few, if any, of these apps make clear how these scenarios should be managed. Disclaimers in the small print of these apps may protect app developers and employers from legal liability if the mental health of an employee is harmed by using an ostensibly benign app. The moral liability may be less easy to evade. It may be that a more considered approach to gaining informed consent from users of these apps or technologies might result in more cautious and responsible development and promotion efforts.

2. **How does mood tracking account for individual differences?** Psychology tells us that, although some traits and behaviours are shared within specific sub-groups of the population, it is always important to recognise the role of individual differences. Doing so prevents us from making too many generalisations and from being too certain about predicting attitudes or behaviours. While mood tracking apps have an engaging face validity to them (rather like horoscopes) relying on them too much can be dangerous. To some extent, the concept of a 'mood' is not especially scientific and, some would argue, is not much more than a social construct. For example, in some cultures, being 'up', socially engaging, cheerful and outgoing are 'desirable' characteristics which are rewarded with approval, inclusion into some social groups or which are positively sought by employers recruiting into customer-facing roles (Cain, 2012). In some cases, introverts might judge themselves harshly if they do not feel as sociable or outgoing as others in their peer groups. Indeed, some clinical research suggests that the dopamine pathways of extroverts are more active than those of introverts. DeYoung et al., 2010, found that the medial orbitofrontal cortex – an important part of the brain's dopamine- driven reward system – is larger in extroverts than introverts.

Personality type may not be the only individual difference which mood tracking may not be sensitive enough to accommodate. More employers are now aware, for example, of the need to be inclusive towards employees who identify as neurodiverse. They may live with a condition on the autistic spectrum, for example, and their experience of 'moods' as conceived by most mood tracking apps may be highly individual and may defy conventional categorisation. In these circumstances, any implication that some moods are 'normal' or are being recorded within 'normative' boundaries can not only be wrong, but also reinforce stigma and exclusion of significant groups of employees. Finally, and returning to the Ortis and Grof (2016) definition of moods, it is essential that we do not ignore what they call 'endogenous cycles or rhythms' as factors affecting moods. Examples here may include natural fluctuations and variations in moods experienced during pregnancy, during the menstrual cycle and during menopause (Soares, 2020). While not affecting everyone in the same way, an over-simplified approach to monitoring mood during such 'cycles or rhythms' can lead to results which are difficult for an expert to interpret, let alone an individual to make sense of. Unless mood tracking apps and other technologies are able to take adequate account of the individual differences set out here, it is unlikely that their wider application as diagnostic or treatment aids will have clinical credibility or practical reliability.

3. **Do apps 'crowd out' the use of more evidence-based interventions?** If we are serious about promoting mental wellbeing at work, then the measures which employers need to take are well-established and articulated by a growing evidence base. They include taking steps to assess risk, putting in place preventative measures, providing employee support pathways (to an EAP, for example), ensuring job demands can be adjusted in line with the resources which employees have to cope with pressure and having a supportive line manager. Ideally, organisations who want to give their employees access to mood tracking apps will be doing so as a supplement to a range of less glamorous but evidence-based interventions. In such circumstances, any escalation to further support or resources triggered by the app can be readily accessed. However, if apps are used by any organisation instead of doing the basics, then this represents a potentially harmful 'crowding out' of interventions to which most employees should have ready access.

We clearly need to add the insights of neuroscience to the range of disciplines and concepts which informs evidence-based HR practice. Decades of research on employee motivation, performance and other behaviours has added to our understanding of how to engage employees and align their behaviours to the goals of the organisations they work for. But just as ostensibly credible and 'scientific' concepts such as employee engagement and discretionary effort were embraced perhaps too uncritically by many HR professionals, some of the claims of neuroscience and its application to mainstream practice need to be properly scrutinised. Mood tracking apps are just the most prominent vehicle for the promotion of neuroscientific principles at work today. For employers hoping to cash in on a 'dopamine dividend' from embracing the use of mood tracking apps and technologies, much more work will be needed to ensure that an ethical governance and safeguarding infrastructure is put in place to ensure that employees are not exposed to preventable risks of harm.

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