

EMPLOYER OF THE FUTURE

The changing nature of the employer
and employee relationship



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“ However far ahead the workplace appears to have moved over the past two or more years and however many businesses are struggling with the pace of change, the consensus is that adaptation is essential to survival. ”

Emma Burrows, Trowers & Hamlins

Foreword

A lot has changed in the workplace. The necessity of finding new, agile ways to work during the pandemic has brought many businesses up to speed with a trend that has been gaining pace for years. A combination of changing generational expectations, innovative technology that can help keep staff engaged and a more informed and assertive approach from employees to inclusivity and sustainability means employers are having to rethink every aspect of how they maintain a forward-thinking organisation.

“The past 20 years have witnessed profound changes in workplace culture, policies and practice. The physical, cultural and economic shock of two years of pandemic, however, amplified those changes with dramatic effect, altering how and where staff work and the relationship expectations between them and their employers.”

Employers must take positive steps to become modern employers, using tech, their staff and modern business processes to remain competitive or lose the edge in the modern world.

As we launch our Employer of the Future campaign, we share our insights and observations about the key factors that are driving change in the workplace. Drawing on a growing volume of poll and survey data that reveals some of the successes and challenges of adapting to a fast-moving, employee-led job market, this discussion brings together key ideas that will be explored in depth over the course of 2022.



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Introduction

As our recent poll on the Future of Agile Working shows, the number of employers whose staff are office based, with little home working, is now vanishingly small at 2%. Fully agile staff, allowed to work wherever suits them and their role, number 21%, but more than three quarters of employees, 77%, are now hybrid workers, splitting their working week between office and home.

How agile is your workforce?

Fully agile - everyone can choose how they work



Hybrid - required to be at a work location at least some of the time



Office / Workplace based - very little working from home



“The pandemic has accelerated trends that we were already seeing. Flexible working didn’t just come out of the blue. There were already employers who were ahead of the game and embracing the benefits of agility and flexibility. The pandemic has forced us into an accelerated home-working environment,” says Employment partner Nicola Ihnatowicz.

Employment partner Rebecca McGuirk agrees: “Agility is key. Firms that prefer their staff to be in four or five days a week are finding it very difficult to recruit. Whatever we think about flexible working, and we are all still finding our feet, we cannot go back.”

Technology is evolving rapidly to meet the training and support needs of a flexible workforce, as well as offering innovative online strategies for leaders to engage with their employees in a personalised, tailored way.

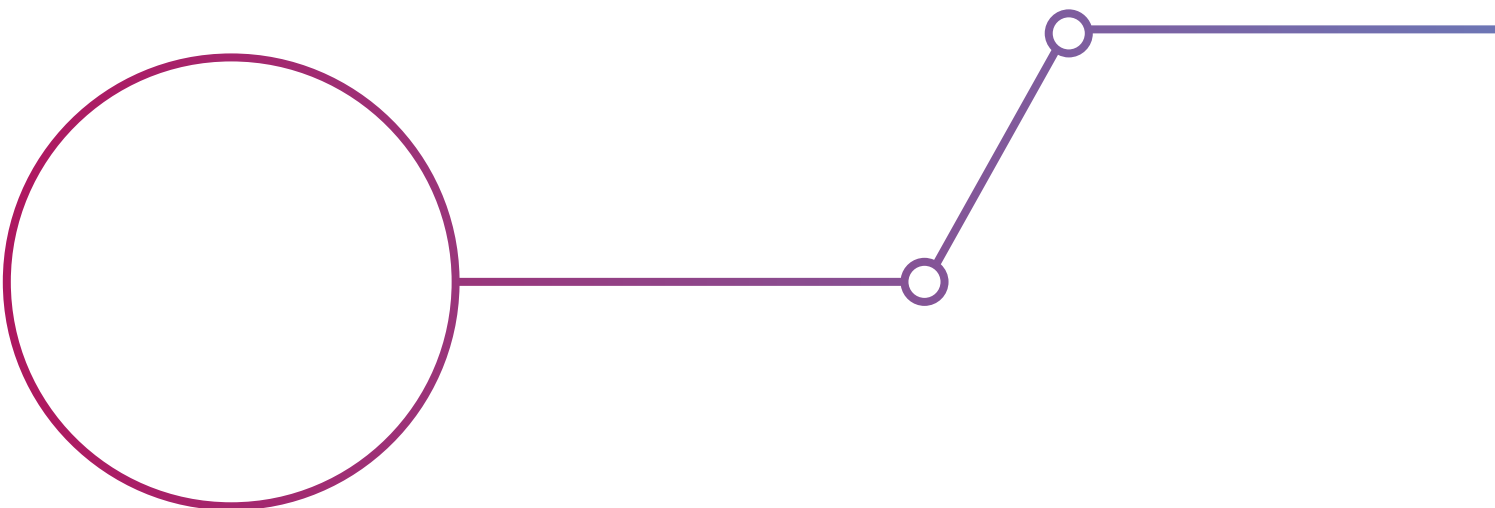
With prevailing market forces making it an employee's market, recruiting and retaining talent is increasingly dependent on employers being able to offer flexible working. With a scarcity of talent in some sectors, employees feel empowered to make career choices based on far more than salary.

For Gen Z, expectations centre around finding an organisation that aligns with their personal values and encourages diversity. Whether leaders are willing or able to proactively assess their organisation's culture is less clearcut, however. A recent survey taken at our weekly *Towers Tuesday employment webinar: are we creating inclusive workplaces?* shows that the majority of leaders questioned, 48%, are not actively measuring company culture, 41% of them are and a less emphatic 11% remain unsure either way.

Is your organisation actively measuring culture?



Ihnatowicz says, "As a business leader, if you have a company with your purpose, values and strategy culture-aligned and everybody is going in the right direction, you are going to be more successful, because everybody is aligned in what they want to achieve." In our agile working survey, 52% of leaders felt a major challenge that comes with flexible working is maintaining culture.



How is the relationship between employer and employee changing and why?

The dynamic between employer and employee has shifted irrevocably, with employers needing to trust their staff to deliver high quality work from home and employees trusting their leaders to take care of them and the sustainability of the organisation that employs them. “Rather than flexible working being a leap of faith, where employers are slowly letting out the umbilical cord, there is an awakening that people can be trusted and a lot of the productivity data supports that,” says Employment partner John Turnbull.

Flexible working also offers a better work-life balance, particularly for parents, carers, anyone who wants to live a healthier lifestyle or who might have particular health requirements, which might have made commuting difficult. An obvious downside of being permanently on call at home, of course, is that extra hours recouped from travel time are too easily absorbed into the working day.

Not all age groups have responded in the same way to the new normal. Generational divisions within companies have been pronounced, with staff in their 50s and 60s most likely to have left work, largely in response to remote or flexible working arrangements and the increased dependence on technology that comes with it. And yet surveys suggest that the majority of people would prefer to stay with hybrid working. The 2021 LinkedIn report *The Future of Work is Flexible* surveyed more than 500 US and UK executives and found that 71% of them felt under pressure to offer flexible working. This was in response to the 87% of their employees who said they wanted to continue working remotely at least half of the working week.

Younger and more tech-savvy Gen Z employees are looking for a different work/life balance in terms of hybrid working and what they get back from their employer. “There is a feeling from employees that as work is a huge part of my life, it has to work for me both in terms of how I want to interact with my employer and what their brand and values are.

“These employees are keen to see their identities align with their employer and where they work; they want to know that they are reflected in the organisation they work for,” comments Employment partner Danielle Ingham.

It is not, says Ingham, simply a case of Gen Z appearing and disrupting the status quo. “They are part of a trend and some of their expectations have highlighted to other generations how unhealthy some of our earlier behaviours at work, expectations at work and ways of working were.”

While agile working is a priority for many employees, there is no one-size-fits-all programme for leaders to follow. Our Future of Agile Working poll suggests they are considering a range of strategies. Far from abandoning the office, 67% of employers are thinking of more innovative ways to use the space, such as creating collaborative or hot-desking areas. Nearly as many employers, 66%, suggested they would allow their teams to work wherever they chose. The poll also shows 39% favour removing set working hours, with obvious benefits for working parents, or restructuring roles and job functions, 14%.

If your organisation wants to become more agile, are you considering:



However businesses weigh up the pros and cons of flexible working, the reality is that what began as a necessity has rapidly become the norm in some sectors and may be considered a non-negotiable by prospective employees. As Burrows comments, “The big difference I see is that people now view flexibility as more of a right rather than something they have to ask for.”

The option to work fully from home or flexibly is not of course universal, and neither are the benefits.

“The pandemic exaggerated the structural differences in our economy, between workers who have the privilege and ability to do their roles from the safety of home and those on the front line who don’t. That has resulted in a massive spotlight on those inequalities,” says Nicola Ichnatowicz.

Effective leadership now relies on a more dynamic and creative approach to engagement, connecting with online teams and individuals and promoting a tangible sense amongst them of being necessary and recognised players in the company culture.

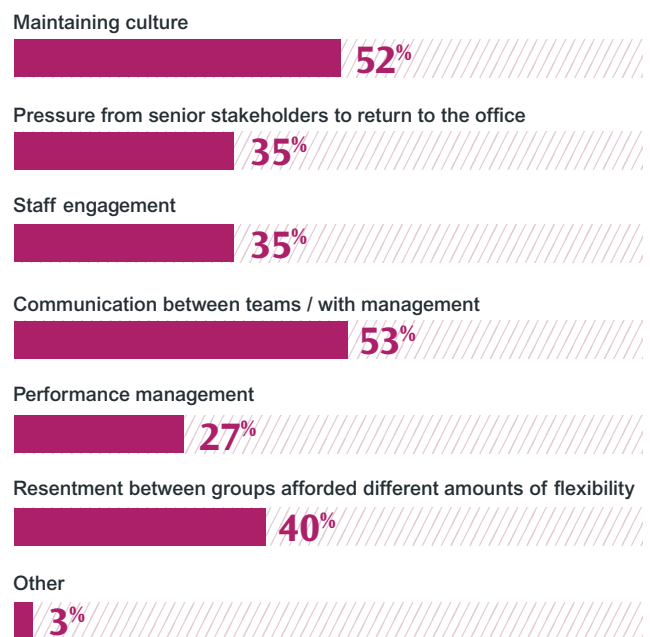
In an article titled *The Hybrid Work Paradox*, published on LinkedIn in 2021, Microsoft Chairman and CEO Satya Nadella emphasises the need to connect everyone in and out of the office in as seamless and immediate a way as possible. “Every business must be world class at all forms of synchronous and asynchronous communications, to sustain culture across the organisation. No matter where people are working, they should have a common view of meeting participants and be able to connect with them. They should always have access to the same shared information. And they should be able to see what everyone in the meeting is collaborating on, whether that is a whiteboard or a document. Creating equitable, inclusive experiences starts with designing for people not in the room.”

Arguably, with video calls the norm, leaders are now more visible than before. The workplace has been democratised, with colleagues on screen calls where everyone is the same size and nobody sits at the top of the table. Maintaining individual connections, however, requires time – a regular catch-up call with small groups or individuals that allows managers to hear directly from their staff. “There is a much bigger responsibility to go out there and talk to people, especially if you have people working from home

permanently. You need a different style of management now, which is more informal, more engaging and helps employees more proactively,” says Burrows.

Our Future of Agile Working poll drew out the main challenges for employers who have introduced agile working, showing that communication between teams and with management is the overriding concern for 53% of those surveyed, with staff engagement at 35% and performance management 27%. Resentment between those able to work flexibly and those with different job requirements who cannot was a challenge for a significant 40% of respondents.

If you have introduced hybrid / agile working, what are your biggest challenges?



How can employers better engage their workforce?

The drive towards a more personalised work experience is, perhaps ironically, emerging as increasing numbers of people are no longer together in the workplace five days a week. Replacing physical meetings with virtual connections means that different styles of management are required, with a move from functional to emotional leadership where the onus is on leaders to be more visible, open and relatable.

Employee engagement, therefore, requires a more nuanced approach that takes into account individual needs and personalities. During a recent webinar exploring emotional leadership, our poll asked whether bosses felt they had leaders who could adapt their leadership style to accommodate employees with different personalities. 54% said yes, but 46%, perhaps worryingly given the momentum behind more personalised engagement, said no.

When looking at your own organisation, do you feel that you have leaders that adapt their style for employees with different personalities?



People have become used to social media and reality TV giving them, or at least appearing to give them, a view into every aspect of their subjects' lives. In a business context, employees need to feel that engagement with their employers, either in person or on screen, is also honest and authentic. There is an understanding that for some leaders, this has been a time to unlearn traditional notions of what strong leadership looks like.

“There is a demand for genuinely authentic leadership. People expect to see the whole person in their leaders; they expect to see vulnerability and authenticity in a way that before, even if it was valued by some, was possibly seen

as weakness by others. Authenticity helps build trust, and authentic leadership gives people the psychological safety to take risks as they can see that perfection is not the expectation,” says Nicola Ilnatowicz.

Authentic leadership also gives employees licence to be more themselves instead of trying to mould themselves to a professional ideal. “It is really refreshing and really encouraging for people coming through in all sectors to see that you can be yourself,” says Ingham. “This is not just professional me and this is personal me, I can be myself at work as well.”

Maintaining connections and a sense of open dialogue also plays a positive role in allowing staff to be themselves. Open, at times perhaps awkward, conversations allow things such as mental wellbeing, issues around diversity, gender and the menopause to be expressed. The expectation is that companies will create safe spaces for staff to have these conversations and that the company will have up-to-date policies in place to offer support.

This personal engagement is particularly important as the idea of leadership support extends to an employee's wellbeing. As Burrows explains, “There is an enormous obligation on employers to take active steps to look after their staff's wellbeing, be it physical, mental or financial. It is almost a positive obligation now. If you don't do those things, employees are going to look at you askance and it will not help with your retention in the workplace. An employer of the future will have to be much more proactive about the support that they give to staff.”

For many organisations, technology has long been the main facilitator for engagement between staff, but there is now an expectation that bosses are a more visible part of that process, expected to initiate far more visible check-ins or be at the end of a video call or phone. Replacing big, monthly departmental meetings, for example, with shorter, more regular talks is a way to encourage more informal dialogue and to deal with issues in a more timely way. It may even change the way in which we run our businesses.

Self-managed teams now appear in many different business types and sectors. By consensus, these teams are more agile, making decisions faster and involving customers more quickly. In February 2022 during our *Future of Agile Working* webinar we asked what organisations may be considering to become more agile, 26% of leaders were considering self-managed or self-directed teams. Technology is constantly evolving to improve engagement with remote teams, making video meetings a priority, not a chance for a 'camera off' catch-up with other work. Instead of scheduled, perhaps somewhat detached video meetings, creating a culture where people are comfortable making video calls in the way they make phone calls is a way of keeping in touch with colleagues in a more spontaneous, personalised way.

Tech also has the potential to help build more inclusive teams, breaking down barriers between young and old, frontline and office-based staff.

“As a new employer you have to be out there pushing opportunities to up-skill to everyone, not just the people who will use the new apps that come through every day. You have to make sure that everyone is on that journey and that you are bringing everyone with you. You need a different style of management now, which is more informal, more engaging and helps employees more proactively,” comments Emma Burrows.

Having to learn new ways of working in order to get the most from a flexible environment has prompted some employees to continue their learning with training opportunities more broadly. The offer of online training programmes that allow employees to grow in their role and extend their skill sets was cited by Glint in its *Employee Well-Being Report*, May 2021, as the top driver of positive workplace culture.

Technology also has the potential to help retain staff in front-line roles such as care home or nursing staff. If, for example, using an electronic hoist means a nurse who can no longer do the lifting unaided stays in their job instead of leaving, their experience and training is not lost.

Reluctance at leadership level to embrace agility and the part technology plays in it often comes back to the concept of preserving the office culture. Today, the consensus appears to be that office culture is no longer about where we need to be, but what we need to do. “You still hear a lot of people say that they need to go into the office to retain the culture. But then you are saying that your culture is being physically present. Surely an organisation’s culture is a lot more than where people are physically doing their work,” says McGuirk.



What makes an employer an inclusive employer?

Ensuring they have an inclusive and diverse staff is, for many organisations, a work in progress. It challenges both the leadership's understanding of what inclusivity and diversity mean at board level and how their employees feel company policies on inclusivity and diversity impact their day-to-day work experience. Particularly among Gen Z employees, inclusivity is increasingly a reputational issue and one that needs to be recognisable in company culture. As Ingham comments, "Employers who are seen as more progressive, more inclusive and more flexible are the ones who are getting ahead in the talent war."

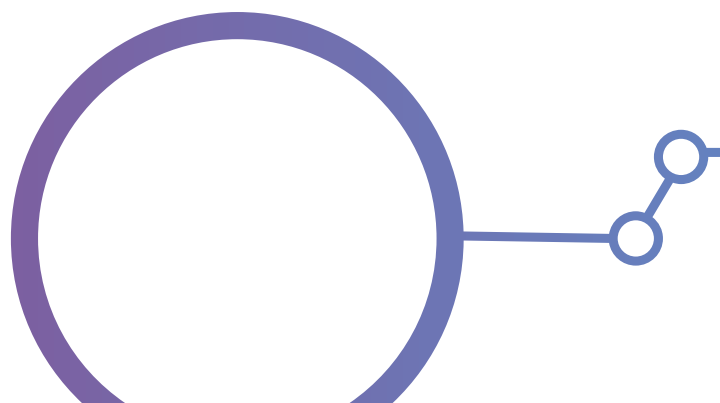
Diversity goes beyond familiar protected characteristics, meaning that attention is paid to social inclusion and working parents, for example, to achieve the widest range of skills, opinions and lived experiences. Future leaders will need to look beyond the obvious choices, perhaps with stretch projects for women who were among the most adversely affected during the recurrent lockdowns. As Ihnatowicz says, "It is not good enough to say we have an equal opportunities policy if evidentially your workforce doesn't have any women or black people at the top or doesn't have any managers who are out."

Having transparent and up to date equality, diversity and inclusion policies, with training in place to implement them, is essential foundation work, but these policies require regular monitoring and reappraisal. For them to be effective, their importance to the organisation needs to be communicated across office, remote and front-line workers so that everyone feels included in them and supported by them.

There is a growing recognition, laid bare by the Me Too and Black Lives Matter movements, that representation really matters. "People need to feel they can be themselves in the workplace, which in turn leads to not just policies and training to ensure legal compliance, but actual positive action to achieve difference. That might be mentoring programmes or employee networks or positive progression opportunities that single out top talent, supporting them and helping remove barriers that they might be facing," says Ihnatowicz.

"The growing perception," adds Ingham, "is that you can't just say we have a diverse workforce and tick that box. It's about making sure that everybody feels that they can contribute, that they are valued and are part of something. People want to feel that it's not just soundbites filtering down from senior level, but that inclusion is lived day to day and employers are standing by their policies procedures and training in how they are doing business."

Reaching the broadest range of applicants in the first place, especially younger, GenZ, BME and graduate candidates, requires less formal, more phone and app-based approaches such as advertising on TikTok or LinkedIn.



“Inclusivity is about every touch point from recruitment and onboarding through to day to day management and things like agility. Inclusivity has to flow through that so that an employee can say that my employer aligns with my values, I feel included here, I feel seen here and I know I am going to be supported,” says Danielle Ingham.

Not only do employees expect a transparent approach to inclusivity, coupled with robust environmental and sustainability credentials, they are increasingly vocal in employee activism if a company gets diversity and inclusion wrong. “People can talk to each other more fluidly and instantaneously via social media, and so when businesses do get it wrong, news of it is a lot more widespread,” cautions Ingham.

Companies are increasingly assessed on their inclusion strategies, not just by employees, but by potential clients. “Often where businesses are pitching for new work, diversity and inclusion have become key differentiators in those firms that they want to work with,”

“People also now understand the business reasons for inclusion. When you look at the data on productivity, it is clear that people have different ways of working, at different stages of life, different views and beliefs and that is all really good. There is ample data on the financial benefits of a diverse workforce,” says Employment partner John Turnbull.

Data presented by McKinsey in its May 2020 report *Diversity Wins: How Inclusion Matters*, for example, shows that in pre-pandemic analysis from 2019, companies in the top 25% for gender diversity on executive teams were also 25% more likely to have above-average profitability than those companies in the lowest quarter.



What will make an employer a successful, responsible employer of the future?

The future success of an organisation will need to encompass many of the topics already raised. It may appear to be a daunting juggling act between policy and practice, managing agile working while simultaneously improving communications, increasing the reliance on tech while fostering a work culture that embraces inclusivity and fosters creativity.

Resolving these issues requires businesses to have a clear overarching set of values which are understood at board level, which is where a proactive HR or people department is critical.

“The role of the Chief People Officer (CPO) is to ensure that the values going through the business are followed in everything that is done and that they are brought to the attention of the board who run the company,” says Emma Burrows.

Burrows continues, “If you have a company where everybody is going in the right direction, you are going to be more successful because everybody is aligned in what they want to achieve.”

Being transparent about your company values is also the way to connect with prospective employees. As Burrows comments, “Where you have younger staff who are ‘consumer led’, they are buying the right to work for a company that aligns with their values. That means the board needs to know what the values of those individuals are and what the company’s values are and to be open about it.”

In the wake of the pandemic, getting the right health and safety policies in place is an essential. As Ihnatowicz says, “There is a shift in language away from human resources to people, because that is who you are dealing with and your people matter. They are not just a machine and they have problems from time to time and will need support for wellbeing.”

Flexible working has brought undoubted benefits, freeing up time to exercise, to eat more healthily and balance work and family life. However, being constantly on call because the home is now also the office can be oppressive. And while working fewer days per week sounds generous, employers need to be aware that such offers might be double edged.

“The idea of the four-day week sounds great on paper, but if you work under increased stress and long hours just to get the fifth day off, is it beneficial? These things need to be tested out within companies,” says Danielle Ingham.

Taking agility to its extreme and offering complete flexibility may seem an inevitable progression of agile working, and one that might appeal to new employees, however employers will need to be realistic about the pros and cons depending on their sector. “Complete flexibility in terms of when and where you work makes sense in sectors where what you do can be quantified. For example, if you have hit all your KPIs by lunchtime on Friday, you can have the afternoon off in addition to your holiday,” says Ihnatowicz. “But what is a supermarket going to do if everyone decides they aren’t working Friday through to Sunday or a care home if no one is covering the late shift?”

By the same token, initiatives like freeing up holiday allowances can backfire, as in the example of some businesses that have made decisions to withdraw their policies on unlimited holiday as the average take-up actually fell below the statutory minimum. “Boundaries are more useful than might seem the case in some instances, even if it’s not particularly trendy to say so,” says Ingham.

Agile doesn’t just mean where you work, but the way you work and successful employers are going to need to be rigorous in the way they assess their business processes.

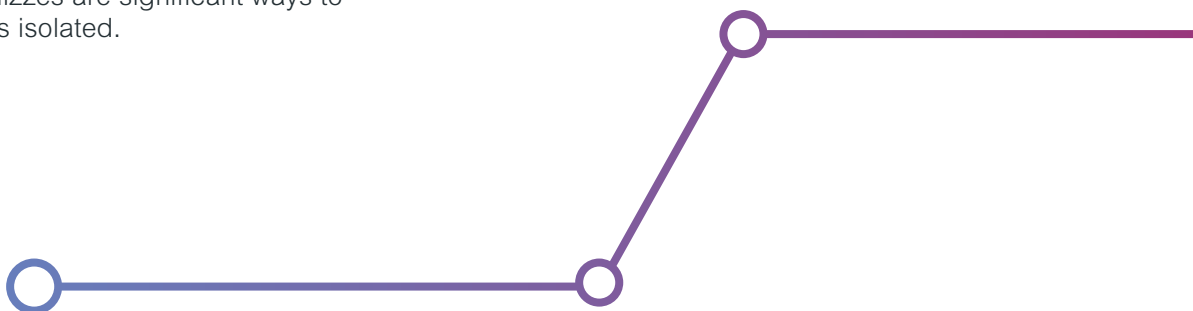
“Employers have got to lose bureaucracy, partly because everything is so much faster. A result of the pandemic is that people want things immediately because they know you are near your desk all the time. So businesses need to look very carefully at ensuring their business processes are fast. Ask whether you need two levels of management? If not, lose one. We are seeing a lot of clients restructuring this year and we think it is partly that they see how they can make things faster,” says Emma Burrows.

A key concern post-pandemic is health and safety and the responsibility employers have to look after their teams. The very real stress and vulnerability of people in some front-line roles during the pandemic and the pain of isolation for others have highlighted the need for better mental health awareness. Successful employers need to make their staff feel noticed and cared for mentally, physically and financially. In an agile workplace, checking in regularly with employees and creating opportunities to connect socially online, be it via small, regular groups, team challenges or online quizzes are significant ways to ensure that no one feels isolated.

While technology continues to improve the speed and efficiency with which people can work, the benefits are only felt by those who are able to work flexibly, creating what could become an unbridgeable gap between them and frontline or customer-facing staff. “For a professional services firm, the tech and the support probably allow its staff to lead better lives at the moment. If your business employs hospital porters or supermarket staff or construction workers though, we need to think about how we can help come up with different thought streams on how to mitigate and reduce the chasm between those groups of people as there is a dividing line between them and it is only going to get bigger,” says Turnbull.

Relying on the latest technology can alienate older staff too, which can impact the inclusiveness of a team. “I think as an employer you need to be mindful of the age range you have got. Particularly in the current climate where there aren’t enough candidates out there, employers might need to either offer additional training to older staff or encourage staff back who have left with the offer of perhaps slower-paced training than is on offer to younger, tech-savvy staff,” says McGuirk.

McGuirk also cautions against using technology to replace human interaction. “The employer and employee relationship is a personal one. If that suddenly becomes an employee tech relationship by say having some line management decisions being made by a computer, rather than a physical person, such as are you performing well enough, then that is very different relationship and not one we are used to. And is it a relationship we actually want?”



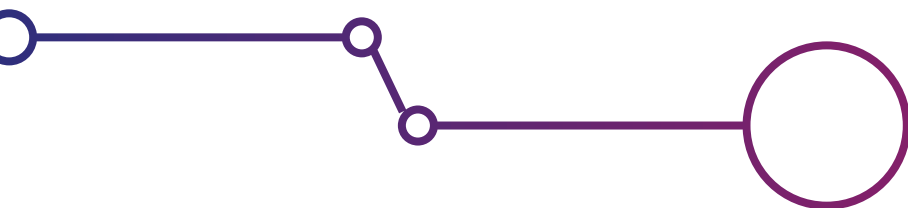
What happens if employers fail to adapt?

The brief and brutal response to the question is – extinction. However far ahead the workplace appears to have moved over the past two or more years, and however many businesses are struggling with the pace of change, the consensus is that adaptation is essential to survival.

New thinking around employer employee relationships, agile working, technological change and improved inclusivity is reshaping the workplace and what employees want from it. Increasingly assertive employee activists are holding their employers and future employers to account, while the values and expectations of Gen Z are filtering across generations.

Those organisations that had already embraced change will find themselves the employers of choice. Those that are yet to adapt have a complex but necessary road map to follow.

“You have to be nimble and embrace change and be open minded to new ways of working and engaging and doing business. If you don’t, you are going to be left behind and your employees won’t want to stay with a dinosaur,” says Employment partner Rebecca McGuirk.



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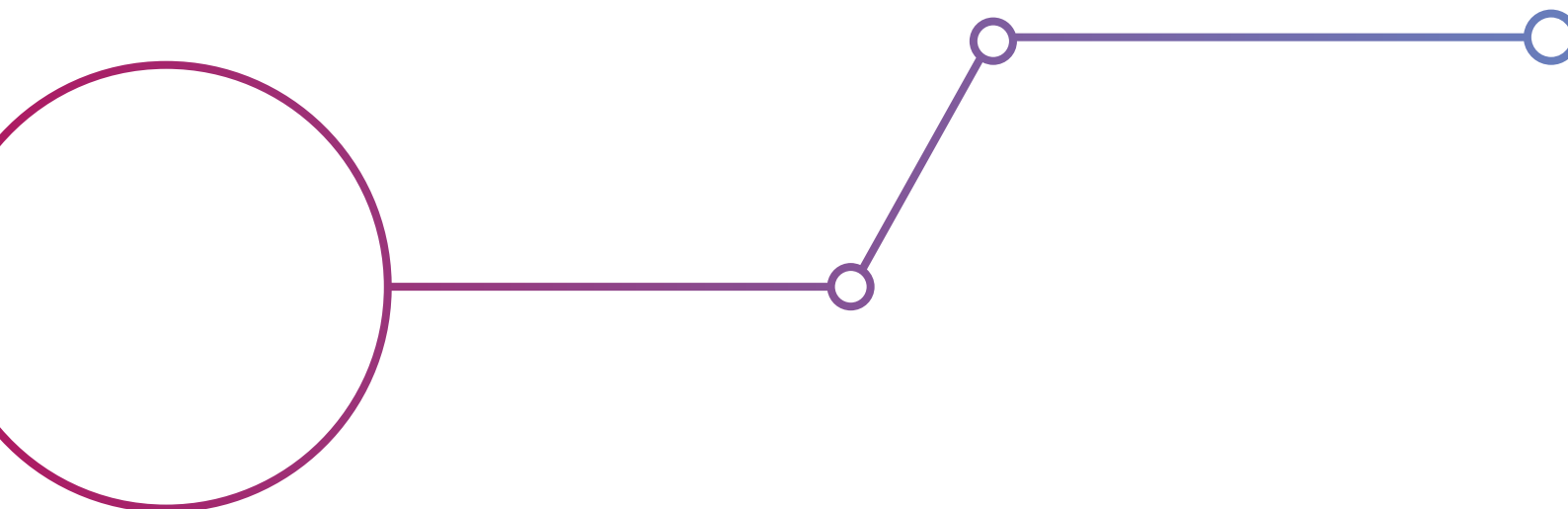
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