EMPLOYER OF THE FUTURE
Building workplaces for a new people landscape

Contents

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Introduction

In the two years since the first Trowers Employer of the Future Report, what has changed? Recruitment and retention are now the biggest challenges facing employers. The rise of AI in that recruitment process is helping to cut costs and drive efficiency, but does reliance on new tech pose a threat to data security and interview bias? Flexible and agile working were core themes in 2022 and, thanks to the pandemic legacy, today they are considered non-negotiable for many prospective employees.

As working environments change, how are organisations finding ways to embed their culture and live out their ESG commitments? What role should HR play in this and how do businesses ensure their management teams are supported to make them truly effective?

Partners from our Employment & Pensions team have hosted and contributed to our regular Trowers Tuesday webinars, investigating how, where and how best we work. This Employer of the Future Report 2024 brings together their thoughts, contributions from industry experts and Trowers' poll data on the issues that are driving change and innovation in employment, explaining what we have all learnt.

Rebecca McGuirk
Partner and Head of
Employment & Pensions
rmcguirk@trowers.com
+44 (0)121 214 8821

Emma Burrows
Partner
eburrows@trowers.com
+44 (0)20 7423 8347
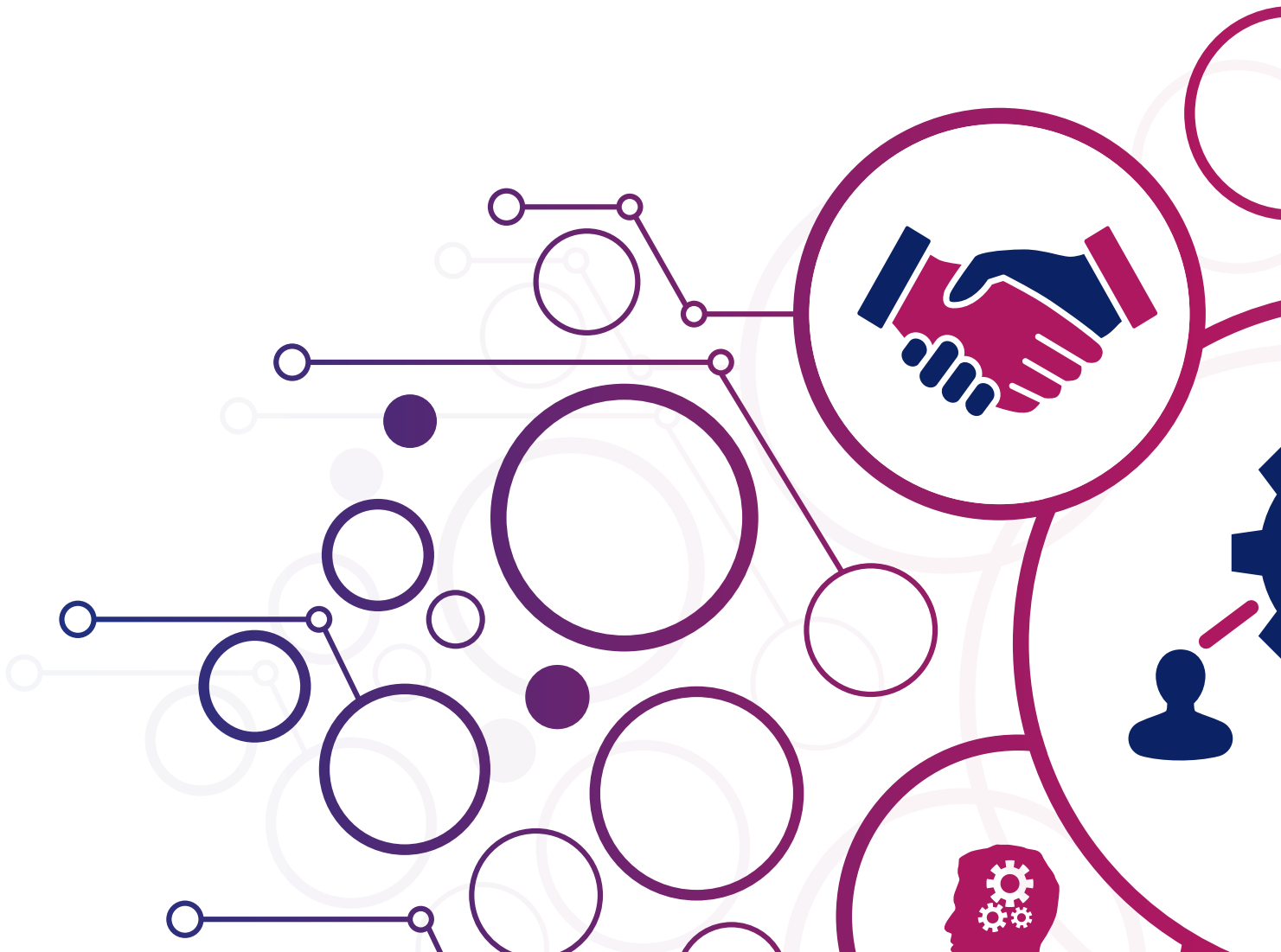
Recruitment and retention: the new talent landscape

It's the number one concern for people professionals

The pandemic may be over, but the rapid and, for some, surprisingly successful adoption of flexible working practices has continued to shine a spotlight on how employees value their work/life balance. In addition, in the midst of what Trowers' partner Danielle Ingham describes as "a hot war for talent", organisations are having to examine their culture in order to recruit and retain Gen Z values-driven employees. With increased access to and sharing of company data online, organisations are under intense scrutiny from candidates on everything from their transparency on flexible working to their leadership on ESG policies.

78% of participants in our 2023 Trowers Tuesday webinar on Recruitment and Retention said they had problems with recruitment, suggesting issues from availability in certain sectors to skills shortages and a disconnect between traditional means of advertising and the target audience. Recruitment and retention has consistently been ranked as the leading concern for people professionals and businesses across our polling since January 2023.

The first point of contact with potential employees is crucial. If Millennial, and more especially Gen Z candidates, organise most of their lives on their phones, then that is increasingly where companies need to advertise. Reaching out to potential employees using social media allows organisations to talk directly to particular groups, finding them where they find their news and career information. "For any organisation it is so important to be seen in the right places and to build a network for good recruitment," says Ingham.

Donna Newton, TPP Recruitment Director, makes the point that in a client survey TPP found 89% of people actively looking for work do so on their phones. "So, you need to make sure you have good technology, good branding, good social media contacts. If you are an inclusive employer, make sure you shout about it, make sure that people want to follow you."

89%

Look for work on their phones

Among potential candidates, TPP found that 43% are less inclined to respond to a job advert if the wording is not inclusive and gender neutral. "We always say to our clients, make sure your language is inclusive, make sure that you review your job descriptions. At the advert stage, offer reasonable adjustments and ask the candidate to be open about what they will need to be able to do the job."

If you are a flexible employer, says Newton, make sure that is front and centre of your message as for many, flexible terms are a deal-breaker. In a PayFit survey of UK workers (February 2024), almost half of respondents said they would reject a 15% pay rise if it meant losing flexible working practices. A LinkedIn survey from January, Work-Life Balance and Benefits Take the Lead, recorded 53% of respondents saying that the work-life balance and benefits offered by an employer were the decisive factors for them when making career decisions.
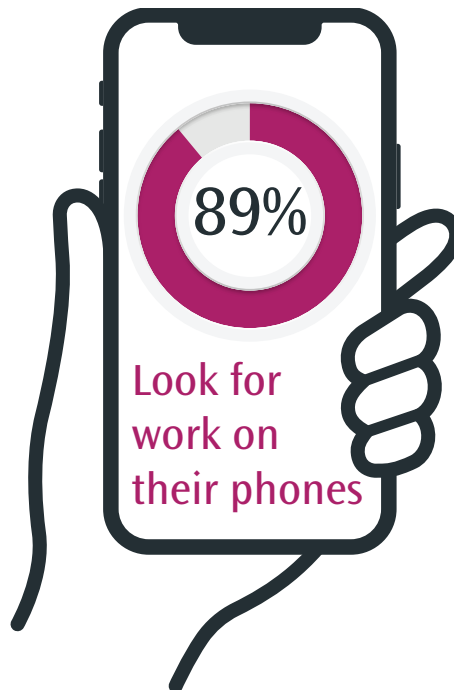
Impact of AI on the recruitment process

While openness and clarity at the advertising stage gets a positive response from candidates, the reality is that automation is increasingly used as a way of streamlining the application process, with the ability to screen thousands of resumés and produce automated tests based on a CV.

The cost and time savings for HR teams are evident, but many fear AI could stifle the recruitment process with discrimination and bias. If an AI-generated selection process specifies a 'structured working environment', for example, might that exclude people who need some flexibility because of childcare responsibilities? Would 'excellent communication skills' deter a neuro-diverse candidate? "At its inception, AI to reduce unconscious bias wasn't as nuanced as it needed to be when it came to balancing skill sets and personalities within a team," says Ingham.

Anthony Kelly, founder of DeepRec.ai, a tech recruitment specialist, has been active in AI hiring for six years and has seen the technology become ever more sophisticated in that time. "With the right system now, AI can be operated to reduce bias. With an applicant tracking system that takes out demographics based on age, ethnicity and gender, you can remove unconscious bias."

Concerns about bias towards neuro-diverse candidates, says Kelly, can be addressed using a tailored interface that uses different text size, fonts and colours, which make a site more accessible. At interview stage, gamification has become a recruitment hack that allows neuro-diverse candidates to display skills in a less stressful scenario than during a traditional interview.

Trowers uses a contextual recruitment tool for training and recruitment that allows the firm to understand a candidate's achievements through the lens of their particular educational and social background, including details such as free school meals, time in care, low income background etc. as a tool to enhance EDI. The performance index measures how a candidate's grades might have outperformed those of their peers. Using the tool, 25% of candidates met Trowers' interview criteria who would otherwise have been missed with less tailored analysis. This helps Trowers meet its objectives to achieve better diversity on social mobility.

The concern among employers that there could be a disjunct between AI-generated data and the candidates the data selects is one addressed by Kelly: "Always keep a human in the loop. Whatever AI you use to make your job easier, have someone who can say this isn't right, these aren't the results we are looking for. Then go back to your provider and refine what you need and how the AI you have is working for you."

Ingham agrees, saying

" Recruitment itself is expensive, so in terms of the personality type and fit, if you get a high turnover of staff because the mix of people isn't quite right, or the skill sets aren't quite there, it becomes an expensive job to resolve. "

Age - don't forget the older workers!

AI-driven recruitment programmes and jobs posted on social media might will be plain sailing for a generation of digital natives. However, for more mature job applicants, they could be one more barrier to returning to a workplace that they might already perceive as unwelcoming. A survey carried out by the Chartered Management Institute (CMI) in late October 2022 found that only four out of 10 of the more than 1,000 UK-based managers questioned would be open 'to a large extent' to hiring people aged between 50 and 64. At the same time, 74% would be open to hiring candidates aged 18 to 34.
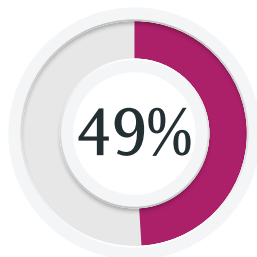
49% Leaving because they wanted a more flexible lifestyle

The Trowers Tuesday poll that asked respondents why older employees are leaving their workforce found that, aside from the 38% who said the over 50s were leaving because of retirement, 48% were leaving because they wanted a more flexible lifestyle. As to the main barriers to achieving a more age-diverse workforce, 23% cited the lack of development opportunities for older workers.

"There is often a misconception with older workers that because they might be getting closer to retirement, there is no desire from them to want to develop their career or receive any sort of professional development in their role. It simply isn't true," says Teagan Robinson-Bell, Anchor Hanover Group Equality, Diversity and Inclusion Manager. Far from being candidates who will be grateful for a job at their age, older applicants come with values and expectations that in many ways mirror those of younger applicants.

Anchor Hanover Group has taken a proactive approach to older recruitment, which has meant putting flexible working, training and reasonable adjustments for health and menopause at the forefront of their recruitment strategy. This has included contacting recent retirees to ask if they were interested in returning. "We actually found that people did want to come back. The response was really interesting because there were several people who said they would never have reached out to ask if they could come back to work, but the fact that we had done spoke volumes," says Robinson-Bell.

Emma Burrows of Trowers, says

"as an ambassador for Age Irrelevance I'm always happy to advise clients that it can be in line with the law, not against it to use positive action to retain and recruit older workers – clearly meeting a need for the business."

What lessons do organisations need to learn about employee retention?

Once the recruitment process is complete, retention becomes the issue. When a two-to-three-year tenure in any job is seen as the norm for Gen Z, how new employees are brought into a company's culture needs to be carefully managed and reviewed. "The onboarding has to be slick," says Kam Vara, Director of Katie Bard and Kam Vara Consulting. "That first three month period is so important. That is when I will most often get a call from a candidate to say they've been in role for three months and it doesn't feel right. Those first three months, then the six and 12 months have to keep the candidate engaged, by keeping up with training and keeping a sense of community and engagement."

Engagement will mean bringing an individual into your company culture, something that needs to be felt and seen in every aspect of the working day. When asked in a Trowers poll whether respondents felt their organisations had an identifiable culture, an impressive 71% said yes, but a less convinced 18% weren't sure. If a company doesn't know exactly what it represents and what values it operates by, new employees cannot be expected to feel rooted in it. As Gwenllian Williams of deWinton Williams, who has particular expertise in the psychology of change, explains,

"Culture is about the buildup, the expected norms, the behaviours, attitudes, reactions: how we do things and how we are. You learn that by being in it, by being immersed in it."

A landmark 2019 survey by Glassdoor of 5,000 workers in the UK, US, France and Germany found that 77% of people would consider a company's culture before seeking a job in it and 56% felt a good workplace culture was more important than salary.

Surveys show that younger employees are very aware of culture and invested in how it reflects on them. They won't want to be associated with organisations that they don't believe in. Furthermore, they are willing and able to call out what they feel are unacceptable behaviours, failures in EDI, ESG policy and inclusivity. If calling it out means taking to social media to name and shame, then organisations can find themselves struggling to overcome that negativity when it comes to future recruitment.

Commitment to an organisation's culture and values is something that has to filter down from leadership level for it to be understood across every level of the workforce. As Fiona Deal, former Executive Director of People, Digital and Change at Golding Homes puts it, "Leadership creates or breaks culture, which starts with the guy or girl right at the top of the organisation. Your chief executive has to be absolutely clear about what the culture is that they are trying to achieve and how it aligns with the purpose and values of the organisation. And then they need to model it."

A recent survey conducted by employee experience platform LumApps looked at trust in leadership, asking what percentage of employees have full trust in their leaders. Fifty per cent ranked their level of trust at between 25 and 30%; only 15% had more than 50% trust in their leaders, so the challenge remains for leaders to inspire their teams through authentic, consistent policies and decision making.

A challenge it may be, but research suggests that the benefits are tangible. According to research by Dr John Blakey, author of The Trusted Executive, 89% of board leaders consider trust critical to attracting and retaining top talent, with 91% saying trust is vital in maintaining customer loyalty. Measuring trust, however, can be highly subjective. Applying Dr Blakey's academically verified Leadership Trust Index (LTI) suggests that increasing an organisation's LTI by 20% results in a 15% drop in stress levels, 10% increase in productivity and a 15% increase in employee engagement.
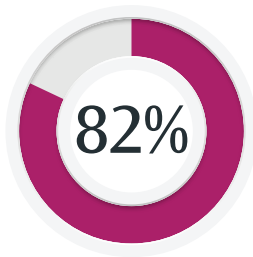
82% Prioritising values and/or company culture

In a Trowers poll, 82% of respondents said they were prioritising values and/or company culture, and yet the same poll reported a 25% increase in the number of people citing company culture as a reason for leaving. To help retain staff, organisations from top down have to ensure that cultural identity is felt and lived.

Communication appears to be less than effective in some organisations, especially where the complex and interconnected values embodied in ESG policy are concerned. Adapting the role of HR teams and ensuring their presence at board level is emerging as a strategy to improve the flow of information around a company. Indeed, in the PwC 20th CEO Survey, 62% of CEOs said they are rethinking their HR function, unsure of whether their HR teams are up to the challenges facing them.

Lisa Rickman-Orpen, former Group HR Director at Audley Group, combined her role as People Director with taking the lead at Audley on ESG when the retirement village organisation decided to embrace ESG as one of its business pillars. Working with specialist partners, Audley found ways to measure its own effectiveness on ESG policy as well as involving staff through engagement surveys and forums. "Understanding of our company vision has definitely improved because we are so overt about it. We don't communicate any business goals without referencing ESG."

Not all HR directors and their teams will be in a position to take on such a reappraisal of ESG strategy and implementation – Rickman-Orpen acknowledges it has been a big commitment, yet one that has really improved engagement. "From my perspective, the depth of the HR discussion has been a game-changer. People expect to have a broader discussion than we used to have pre-covid. They expect to have an invitation to the table to talk about our approach and what they think is important to us. They don't just want to talk about 'are you happy working at Audley'. They expect to be treated like grown-ups with an opinion, to be influencers within the organisation."

Understanding culture through good management

Keeping employees engaged with an organisation's core values on a day to day basis relies on leadership direction being disseminated and acted on at management level. Managers are the leadership's proxy for most employees, with a huge responsibility to help retain staff through the clear communication of culture and values and the sense of inclusion they offer an individual.

> *"Management is something I have always been really interested in because you can always see the benefit of good or bad management, managers who are not doing their job can give rise to reputational issues and cause cultural issues within a team that can create a high staff turnover."* says Emma Burrows, Partner at Trowers.

Given, as Burrows comments, that about 40% of the employment team's business at Trowers, until recently, the majority arose from poor management, it is in everyone's interest to invest in better management skills. The good news, according to a Trowers' poll, is that in order to support and develop managers, 60% of organisations have a training programme in place and 29% offer mentoring.

Not all managers, however, are comfortable in their role, with or without training. Many are what David Blackburn, of David R Blackburn Consulting and interim Executive Director of People at Mencap calls accidental managers, people who were promoted because they were popular, good at their current job and an obvious choice, rather than being suited for management or even really wanting the responsibility. A Chartered Management Institute (CMI) survey found that 82% of the UK's management population are 'accidental'.

"Good managers see the role as a destination, not a dropping off point to somewhere else. Getting this right at the recruitment stage makes a huge difference," says Blackburn. And the value of a good manager cannot be understated. The CMI survey contrasted the experience of working with an effective (intentional) manager versus an accidental one: employees feeling valued and appreciated numbered 72% with intentional, 15% accidental; job satisfaction split 74% to 27%. Proving that managers have an enormous influence on how culture is felt, the statement 'I agree the organisation has a good organisational culture' scored 67% intentional, 22% accidental.

The accidental manager can, of course, become fully intentional with support and training in challenging areas such as dealing with disciplinaries and grievances and having difficult conversations. The Trowers webinar on Intentional and Effective Management found in a poll that respondents were offering coaching to managers to be more direct in conversations, 37%, help them with conflict with people they manage, 77%, and influence a team, 46%.

Given the number of teams now working flexibly, the management skills needed to monitor an individual's progress, training and wellbeing are ever more demanding. "Being a good manager is listening to those around you. You are listening to what is said as well as the silences. And that is really important. You have to be able to read the negative space as well as the positive," says Burrows.

Simon Garrett, Learning and Development Manager at The Together Trust, also puts the onus on access to good training with line managers. "Seventy per cent of accountability for learning and development is down to line managers, 20% down to the learners and 10% down to those offering the learning. Line managers are responsible for mentoring their direct report, making sure they are released to go on courses and helping to identify goals in their learning and career development."

Adrian Walcott, Managing Director of Brands with Values, analyses the correlation between corporate culture and success.

"*When we run our diagnostics we see people on different floors of the same building who have a different view of the culture. A lot of people leave organisations because they don't connect with their manager and the culture that they set, which might be very different to what leadership sets.*"

Walcott goes further, suggesting that the success of particular teams or individuals should not be tolerated if it stems from a toxic culture. "If you have a toxic culture that is high performing, that's not sustainable. Eventually you will lose clients and customers, with low satisfaction, noise on social media. It is a false economy. Equally, a culture like that will impact internally because people will start to suffer burnout, sick days. There is no longterm gain in a poor culture that is high performing."

Implementing wellness strategies to improve your culture and values

Wellbeing strategies are most effective when embedded in the culture of an organisation. If managed well and updated to meet employees' needs, they can have a big impact on recruitment and retention as well as promoting greater employee engagement. The Trowers' poll on Recruitment and Retention found among strategies to retain key employees, introducing wellbeing benefits (other than additional flexible working) scored highest, at 31%.

Not every organisation will have the resources to implement wellbeing across the board or to put in place policies that support better inclusion. In a Trowers' poll that asked what were the biggest inclusion 'pinch points' within an organisation, insufficient time and resources to prioritise inclusion scored highest (31%), with lack of leadership support and gaps in training and awareness both at 18%. More positively, however, 38% of respondents had noticed more engagement from staff as a result of putting wellbeing initiatives in place.

Improving wellbeing goes hand in hand with reducing rates absence through sickness. The ideal is a workplace culture that supports the health of its staff and allows them the safe space needed to talk about their needs, mental or physical. Improved access to mental health first aiders and health checks, for example, are provisions that organisations can offer to actively support staff.
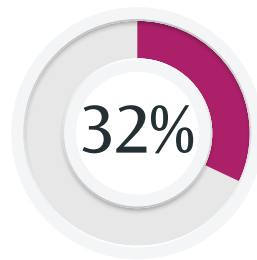
32% High levels of short-term sickness was a big challenge

The Trowers webinar on Sickness Culture found that the biggest sickness challenge facing participants was high levels of short-term sickness, 32%, and long-term sickness that keep employees away from work for extended periods, 26%. 21% found occupational health assessments aren't useful and 14% found managers struggle to talk about health issues.

Promoting good mental health and empowering employees

The cost of living crisis, rises in sickness and longterm illness and the pressure to meet targets when working remotely can all contribute to burnout and exhaustion. Deloitte's 2023 Gen Z and Millennial Survey found that work pressure is driving high levels of burnout, with roughly half of both groups feeling burned out, a third suffering from exhaustion and around 40% finding it hard to perform to the best of their ability at work. Offering support to employees and training managers to spot signs of anxiety such as colleagues keeping their camera off or contributing less and less during Teams meetings, are key to managing good mental health in the workplace.

Michael Matania, founder of Tough Cookie, specialises in fostering employee resilience. He uses a visualisation technique, imagining the sensation of biting into a sour, juicy lemon slice, to help explain how it feels to be constantly stressed. "It is interesting and curious and funny when it's a lemon and it's saliva, but not when it is an anxious, recurring 'what if' scenario going round and round my head about a decision I have got to make at work or a difficult conversation I have got to have with a partner. I'm being flooded with cortisol and adrenalin because my body thinks I am in that moment."

Moving from a 'to me' mindset to a 'by me' mindset, says Matania, is one of the most powerful mind shifts we can undergo in a lifetime. Instead of constantly firefighting, burying yourself in work or sedating yourself with alcohol, Matania advocates strategies for resilience, "dealing with hardship not with self-sedation, but with self-soothing techniques". Organisations wanting to make a real difference, he says, need to move beyond cosmetics such as a wellness day at work because a single workshop won't have lasting benefits. Ongoing support and the availability of mental health first aiders, however, can offer tangible benefits as well as encouraging more open conversations about mental wellbeing.

Does this work for everyone?

Simply creating a one-size-fits-all mental wellbeing strategy, however, will fail to address the needs of specific groups. Recognising and treating black mental health, for example, has its own particular challenges, beginning with creating a psychological safe space that allows black employees to be open about their feelings and mental state. As Ngozi Weller from culture challenge consultancy Aurora explains, "Psychological safety is the shared belief that you can say what you want about your experience, how you feel, what your opinions are about work in the workplace and not be discriminated against in any way and not have it held against you."

This safety net needs to be firmly established to allow black and minority employees to freely and confidently express how they are dealing with workplace challenges. "One of the barriers to support is that there is a hyper-visibility about black people at work as they may be the only or one of only a few black people. They are very seen – if they haven't done well, it's obvious so they tend to put on an extra layer of armour and pretend this isn't happening to me. But as with any mental health situation or trauma, if you don't deal with it, it will catch up with you. These people may need more time to take the armour off, so they need more patience from the people around them," says Obehi Alofoje of Aurora.

Empowering employees and job candidates with disabilities is another complex area and one that requires a case by case approach. Necessary and reasonable adjustments may be needed, for example, to make a workplace more inclusive and accessible, to offer later morning starts to avoid rush hours, questions might need to be supplied in advance for interviews for neurodiverse candidates.

Employers need to be mindful that not all disabilities, such as depression or anxiety, are evident and may go unacknowledged without an open culture that invites disclosure.

> " *The aim is to have a culture that recognises that we are all different and that not all disabilities are visible. In some ways I think that the language about disability is unhelpful because the label implies less able when that is not always the case,* " *says Trowers partner Nicola Ihnatowicz.*

Ihnatowicz suggests that the mindset around disabilities needs to be more positive and proactive: "Focus on what somebody can do. If a role needs adjusting, it is not just about taking away the bits that are difficult, you can give somebody more of what they are good at."

Another group whose issues may be invisible to the majority of their peers are those employees who are trying to start a family and perhaps undergoing fertility treatment. Kate Davies, a fertility consultant at Your Fertility Journey, says that organisations could improve their inclusivity with a better understanding of the emotional challenge that hopeful couples go through.

Once again, says Davies, the first point of contact is the line manager, who may well need training to be able to deal compassionately and effectively with conversations about baby loss and/or fertility treatment. "Often it is down to a member of staff being willing to share their story. That has really brought it home to their leadership team, how it has impacted their ability to do their job." She adds, "For a couple going through fertility treatment, the term family friendly immediately isolates them as they don't see themselves as fitting into a family at that point." Fertility policy is less excluding and encompasses those trying to start a family, perhaps seeking fertility treatment and those who have suffered miscarriage or still birth. "One in three individuals will have a miscarriage, but if you looked around your organisation, you wouldn't probably be able to identify those people because we don't talk about it," says Davies.

Helping to manage financial wellbeing

The cost of living is a concern across society and for those who are experiencing it as a genuine crisis, it impacts family cohesion and mental health. The financial wellbeing of its employees is one of the key pillars of being a responsible employer, yet many businesses and organisations are suffering higher costs themselves, so raising wages, even in a hot labour market in which they need to compete for talent, may not be an option.

Implementing policies that help some staff could be seen to discriminate against some in less dire need; equally, employee loans or one-off bonuses could be subject to consumer credit law or universal credit.

More immediate assistance can be offered in the form of hot meals at work and salary sacrifice schemes to help with childcare. In a reversal of working from home, organisations could offer staff the option to work more in the office, rather than heat their own homes. Mental first aiders available in the office can also be used to offer support in a non-pressured, non-judgemental way.

As with every aspect of wellbeing in the workplace, wherever that may be, regular, personalised communication – not a weekly, monthly newsletter or email update – is essential. If colleagues are confident that they are seen, appreciated and listened to, they will also feel they can be open about issues they are facing.

Understanding and celebrating neurodiversity
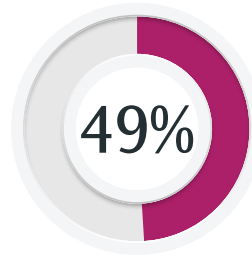
49% Of the companies surveyed do not offer any form of neurodiversity training

It is estimated that around one in seven people in the UK are neurodivergent. Although a Trowers poll on understanding neurodiversity found that 29% of those surveyed offered neurodiversity training to their staff, 48% did not. Set against the 89% who said they knew a colleague, family member or friend who identifies as neurodiverse, there is a clear gap between day to day experience and effective training around it.

As Kate Jackson, Interim Director of Services at AFK, a charity that works with young people with disabilities and autism says,

> *Neuro-diverse people can suffer negatively from stereotyping of their abilities, either leading them to be excluded from roles that they would typically excel in or being pigeonholed in unsuitable roles.*

The perception that neuro diverse individuals are somehow broken, says Jackson, puts up societal barriers. What might come across as a 'spiky' character in some people can mask exceptional skills in pattern recognition, memory and mathematics.

An inclusive employer needs to be mindful of a range of strategies needed to create a safe and productive environment that promotes neurodiversity. Starting with job descriptions, are criteria such as strong communication skills really necessary to the job? At interview, neuro-diverse candidates might not communicate openly or make eye contact. Much interview stress can be reduced for them by asking in advance what they need on the day, letting them know the name of the interviewer and breaking down questions into shorter versions in jargon-free English.

Once in post, some neuro-diverse employees are adversely affected by strong office lighting, certain colours and repetitive mechanical noises, such as air conditioning, so their onboarding process needs to take account of these factors. Neuro-diverse people also expend huge emotional energy masking their feelings in order to fit in, so allowing time off or flexible working options should also play a part in an inclusive policy to avoid emotional exhaustion.

"Lots of neuro-divergent employees may not be diagnosed, may be self-diagnosed or are going through the process so you are going to have a range where somebody may come to an induction and be able to say, I have been dealing with this for a number of years, I know exactly what it is and I really know exactly what works for me, whereas you are actually going to have a number of people who are still learning about what that condition means for them," says Jackson.

Managing gender identity and trans rights

For employers, the anxiety about getting their approach to gender identity wrong appears to be the biggest barrier to an open conversation – doing nothing rather than doing the wrong thing. But, as Ingham says,

> " *It doesn't matter where you are on the inclusivity journey, just that you are on it.* "

Luke Williams, Chair of the Law Society LGBT+ Lawyers Division, is a trans man and member of the Pride in the Law project team. His advice to employers is to be honest about what they don't know, then to learn about gender, pronouns and best practice. Above all, be led by how an individual wants to come out to staff and listen to what support they might need at what is a very challenging time for them. "If you think of transition as a timeline, then on day one when you come out on your journey, you are pretty much indistinguishable physically from the person you were previously presenting as."

Williams adds, "In terms of creating the environment for a fruitful conversation, there are two elements to it: how do you navigate it in the here and now, and in the longterm, how do you set up the groundwork and create the kind of cultural approachability where people will feel able to start what could be quite a difficult conversation."

In the same way that neurodiverse people need a safe environment in which trust is embedded into every discussion in order to be allowed to flourish as themselves, navigating gender identity and trans rights requires a well informed, empathetic level of engagement from managers, which should then be understood across teams and peers.

Flexible/agile working and its impact on wellbeing, productivity and efficiency

Does working from home mean working hard or hardly working? For anyone whose job cannot be done remotely, it is tempting to think the latter, yet studies on efficiency and productivity suggest that how people work can matter more than where they work. And as expectations around agile working remain at the forefront of the recruitment process, this longterm work trend, cemented as a necessity during covid, is one that employers have to negotiate to remain viable.

When asked in a Trowers agility webinar whether participants expected everyone to go back to a traditional nine-to-five office day, only 6% said yes, compared to 80% who anticipate more flexibility in the workforce.

" *What we have been hearing on our webinars is that there has got to be a real pull to get your colleagues into the office. If you are just asking them to come into work, sit at their desk and churn out the work that they would have done elsewhere, that is not going to do it.* " *Trowers Partner and Head of Employment Rebecca McGuirk says.*

Since April 6th, workers have had a day-one right to request flexible working hours, which might be needed to accommodate the school run or avoid rush hour if an employee is disabled or has an excessive commute. Agile working arrangements differ in that the employee doesn't need to work from a specified location. Flexible and agile working arrangements are another area that is going to require a nuanced, often case-by-case response from HR teams and managers. However, in the agility webinar previously mentioned, in answer to whether managers had received training in how best to manage their staff since 2021, a worrying 53% said no, 31% yes and 16% weren't sure, suggesting a lack of investment in an area that organisations need to focus on.

This is something employers will need to focus on in the future – the Labour party, if elected, is talking about introducing the right to flexible working making it harder for employers to say no. If the majority want more flexibility it is easy for politicians to give it.

When asked in the webinar what participants thought generated the most productivity from their employees, 45% said agile working and 51% said hybrid.
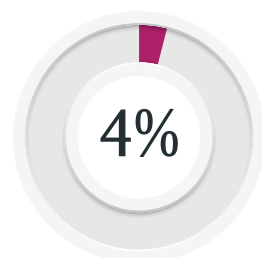
4% **Think that full time office work would produce the best results**

Asked what changes Trowers poll participants are seeing at work, 62% reported hybrid working with two or three days in the office, 36% saw more agile and more flexible arrangements. At the same time, there was a persistent 28% increase in the return to the office[1].

Flexible, agile or four-day working practices cannot of course work in every sector or produce the kind of productivity benefits that will make them attractive to employers. Furthermore, younger employees might be less productive working remotely, disabled colleagues might benefit from avoiding a difficult commute, some neurodiverse people might prefer home to navigating work interactions or microagressions in a busy office.

As organisations work through the dynamics of who works where and when, continuing to motivate staff towards a shared goal requires a strengthening of the understanding and trust between managers and staff. As James Gill, Head of Agency Development and Market Education at LinkedIn says, "Clarity is going to be the key to productivity, not just where people are and what buildings they are in. Employees who report having clarity about their work priorities and the expectations on them are four times as likely to say they plan to stay in a company for at least two years." And, he adds, "The degree to which people are engaged, motivated and competent will have an impact on productivity, the quality of output and ultimately business success."

Trust is an essential component of remote working relationships and expectations need to be understood by leaders, managers and staff. As Ihnatowicz says, "Having policies that underscore that the trust is still there is key between employer and employee. We hear all sorts of stories about monitoring what employees are doing, having tech on software or hardware rather than actually talking to your team. It is about communicating rather than monitoring."

Trust and communication will support productivity out of the office, but not everyone is going to benefit from working remotely. New recruits and trainees might need an office experience and a sense of structure and social contact at the beginning of their time in an organisation. "Younger workers can really miss out on absorbing what is going on in the office," says McGuirk. "They want interaction having missed so much through remote learning, but we need to be really careful that if we say to someone they have to come in every day that there will be other people in the office with them otherwise it is very isolating."

Not being in the office full time is a benefit professionally and in terms of wellbeing for many employees, but its counterpoint is that the anxiety that not being physically present will have a negative career impact. Proximity bias is an issue addressed for Trowers by Dr Gwenllian Williams, "Our brains have a preference for working in 3D. If I have a question or an idea and there is somebody next to me, I will talk to them about it, I will not automatically think this is something for a Zoom call. Proximity bias is human, not malign, but it means some of your team can feel left out, that they get less pastoral care and have less potential for progression if they stay at home a lot."

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1   Agile working is defined as working from anywhere. Flexible working involves some days in an office and some days at home or elsewhere.
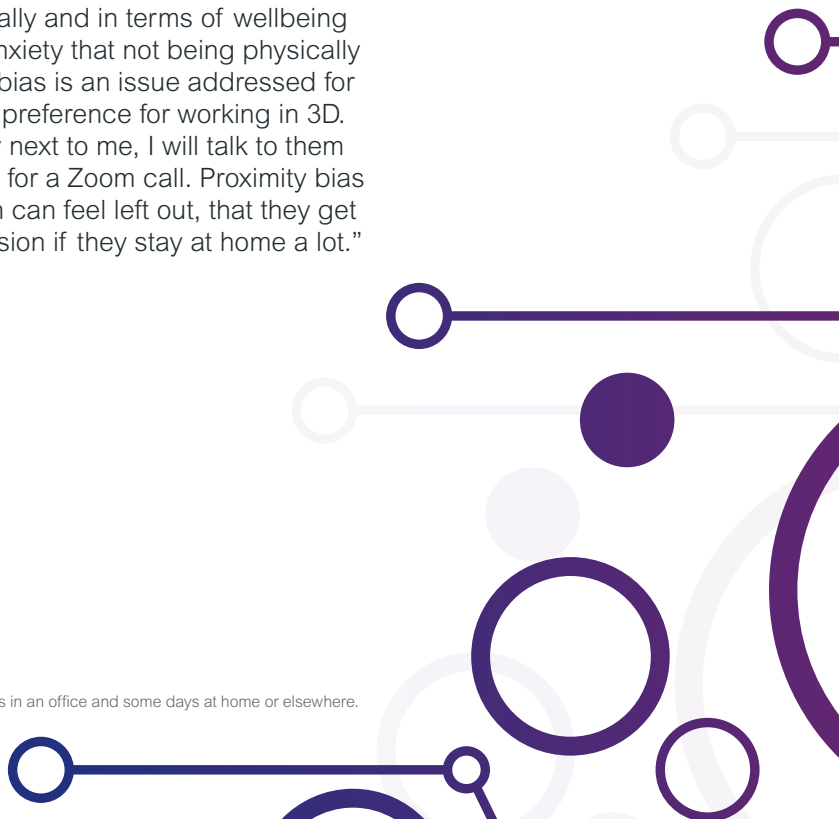
Is the 4 day week an answer?

The four-day week – 100% pay based on 80% of your time for 100% productivity – offers organisations another way to structure time worked against the wellbeing benefits of a day off during the week. As Gill observes, "There is a school of thought that says we need to move past the notion of hours worked. Although hard from a contractural perspective, we really need to look at the impact and outcomes of the work people do rather than just the hours they are putting in."

A 2022 report by think tank Autonomy and researchers from the Universities of Cambridge, Salford and Boston College in the US analysed the outcomes of a UK trial of 61 organisations that adopted a four-day week for six months. The findings showed 71% of employees experienced lower levels of burnout, there was a 65% reduction in sick days and even an average, if marginal, increase in company revenues of around 1.4%. Of the organisations sampled, 54 (89%) were still operating the policy a year later and 31 (51%) have made the change permanent.

Merthyr Valleys Homes, a mutual housing association, has extended its involvement in the scheme, despite the challenge of coordinating both office-based roles and a team of customer facing employees on 24-hour callout. Ruth Llewellyn, Head of People at Merthyr Valleys, explains the decision to continue with four days beyond the initial trial period: "When we reflected on the trial, the wellbeing aspect became really clear. It was so much better than the archaic flexi timesheet, the services were unaffected and we were doing amazing things. It's not just the four days though. I think there is a reputational benefit from being seen as an organisation with quite progressive policies. We needed to change to remain the values-based organisation that we are and to make sure that those values that are so important to us are fit for the future."

# How to be a successful digital employer of the future

Deepening their digital engagement may seem to some employers to offer more problems than immediate solutions: investment costs; anxiety about the levels of ongoing training; exposure to legal risk; tensions between a workforce comprising confident digital natives and older colleagues who need additional support. However, informed engagement with new technology and its impact on how people are hired, trained and assessed is an essential to future success.

> " *Managing and reviewing your tech requires organisations to foster a culture of curiosity and learning. Before doing anything, ask yourselves what is the problem we are trying to solve?* " *counsels Ingham.*

"Ask who is your target audience for a digital solution: departments, employees, external facing customers?"

AI can significantly reduce the hours needed to identify skills, formulate job descriptions, analyse cultural fit, monitor productivity, schedule tasks and spot gaps in output. All of which can revolutionise the speed and efficiency of how an organisation operates. Yet the data and decision-making are only as good as the metrics that AI programmes are supplied with. Bias and discrimination, however inadvertent, may be a factor in an organisation's interview process because of the way the AI measures positive responses.

The government is reluctant to introduce primary legislation to regulate AI for fear of stifling innovation. Thus, as Burrows says, "In terms of practical risk management, employers have to do what the government has not done in lieu of a regulatory framework. They need to ask how is tech going to affect, replace or cut staff? How is data about staff shared and are you sharing it with an organisation that has your standards of data protection? Are you breaching staff confidentiality? And what impact does tech have on decision making for under-represented groups, such as those with a disability who AI might say don't work up to speed?"
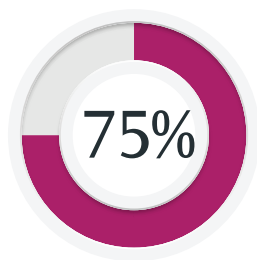
**75%** Had not assessed the risks of AI in the workplace

The results of the Trowers' poll on being a digital employer of the future showed that 89% of participants did not have an AI policy and 75% had not assessed the risks of AI in the workplace. When it came to analysing people data, a hopeful 31% did have a dedicated member of staff with oversight; 66% did not, however.

Data analytics can provide insights into absenteeism, attrition, KPIs and so on, but managing and storing the vast amounts of personal information requires new levels of security and HR oversight. New policies will be needed to help employers explain to their staff how AI is being used in decision making about them. Protections may need to be put in place to allow employees a meaningful review if they have been disciplined or dismissed based in an AI-generated decision.

The UK has the third largest AI industry worldwide, so there is no shortage of young talent coming into the workplace. As Trowers partner John Turnbull comments,

"Organisations would be well advised to keep a close eye on the digital and tech courses that universities are offering for the types of skills that they are going to need from future employees."
Trower's Partner John Turnbull comments.

Digital literacy can cause a divide in office dynamics if older colleagues feel sidelined by their lack of tech skills. An ONS 2022 survey on workers aged over 50 found a lack of skills was a key factor in people's decision not to return to work. Handled sensitively though, upskilling an older generation offers a valuable opportunity for reverse mentoring. "It raises the digital IQ of older workers whilst giving younger employees a feeling of value and purpose. It gives mentees an opportunity to share insights and experiences and it offers mentors a fresh perspective on the firm's business strategy and culture. It really helps promote generational inclusivity and break down stereotypes around age," says Gill of LinkedIn.
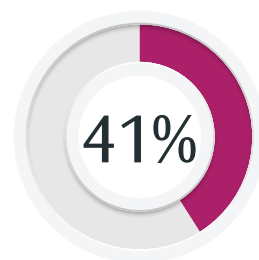
41% Believe they have age-specific upskilling measures in place

The Trowers' poll on retraining asked whether organisations deployed age-specific upskilling measures: Yes, somewhat scored highest with 41%; not really scored 22%, which suggests a patchy approach to an area that, if managed proactively, can help retain a large proportion of older workers.

What is next for the Employer of the Future?

"Anecdotally, 10, 20 years ago a board might say we have visibility for about five to 10 years on what our broad business model will be. Now, according to CEO surveys, a current business model might be good for 18 months to two years, then they don't know. The rate of change is a lot quicker than it used to be," says Turnbull.

In a climate of perpetual change, flexible and agile working, how an organisation embeds its culture across its operations is perhaps more crucial than ever. Communication from top down needs to be clear and authentic. As Turnbull says, "The connection with employees needs to be at executive and board level. Along with ESG, your future proofing is going to be inextricably linked to staff and staff engagement."

Bringing HR into board level decision making, especially where that can ensure the ESG agenda is fully embedded among the leadership, will be an important shift in the importance given to people teams. The vital importance of effective management also needs to be acknowledged and invested in.

"One of the key themes of our Employer of the Future campaign is that management now takes a lot more time and effort, it is a lot more of an investment. Managers need to be supported to spend more time with their teams," says Trowers Partner, Nicola Ihnatowicz.

Creating more inclusive working environments is going to remain under the spotlight for Gen Z and, soon, Gen A, and any organisation hoping to attract and retain younger employees will need to implement tangible policies that welcome and support minority groups, the disabled, LGBTQ, neurodiverse and trans colleagues. "Do not shy away from a tough analysis around where you are and where you want to be," says Ingham. "Try and grow your approach to inclusivity in an organic manner. You won't be on it from day one, but look at your pinch points, such as training for employees, targeted initiatives to support particular groups at work. Working from what employees really want will help create policies that feel authentic."

In a dynamic, tech-fuelled environment, leadership teams might be tempted to focus on younger recruits at the expense of training and hopefully retaining older staff. The over fifties have skills and experience to share that is easily lost if not valued. "You have to ensure that the generations are interacting in a particular way, that there is knowledge transfer and corporate memory being retained," says Burrows.

Trying to adapt, build successful futures and engage employees all at once is an exciting and a challenging prospect no matter what industry you represent. As McGuirk concludes: "Challenge is good. We don't always like to be challenged, it puts us in an uncomfortable position, but if you want to succeed as a team and as a business you have to bring people in who are going to challenge you."

Talk to us!

We'd love to hear your views on this survey and the shape of your organisation's inclusivity journey over the last 12 months. You and your colleagues can also add your details to our mailing lists for free content, including employment and pensions updates and invites to our weekly Trowers Tuesday webinars – strength in community is what we are about!

Contact us

Rebecca McGuirk
Partner and Head of
Employment & Pensions

+44 (0)121 214 8821
rmcguirk@trowers.com

Emma Burrows
Partner

+44 (0)20 7423 8347
eburrows@trowers.com

Nicola Ihnatowicz
Partner

+44 (0)20 7423 8565
nihnatowicz@trowers.com

Danielle Ingham
Partner

+44 (0)161 838 2115
dingham@trowers.com

Vanessa James
Partner

+44 (0)20 7423 8586
vjames@trowers.com

Martin McFall
Partner

+44 (0)20 7423 8778
mmcfall@trowers.com

John Turnbull
Partner

+44 (0)1392 612370
jturnbull@trowers.com

Laura Welchew
Partner

+44 (0)161 838 2152
lwelchew@trowers.com