

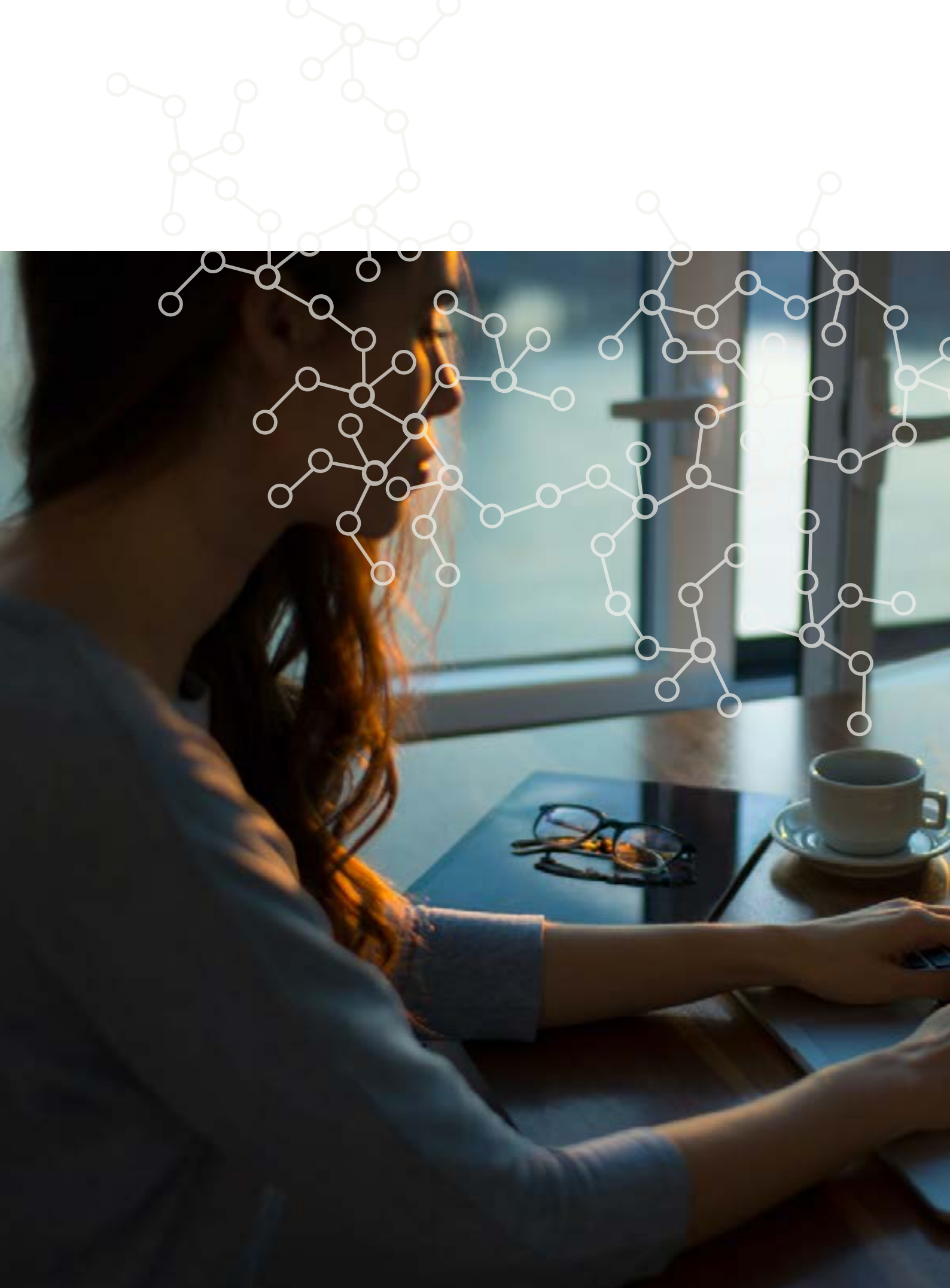
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THE NEW DEAL – THE POST COVID-19 CONTRACT BETWEEN EMPLOYEES AND EMPLOYERS



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CONTENTS

Management Summary	04
Government Guidance May Not Be Enough	05
The Employee View	06
Brain Says “Yes” or “No”	08
The Company View	09
Conclusion – Finding the New Normal	11
References	13

MANAGEMENT SUMMARY

Governments around the world have started to open their economies and loosen or even remove lockdowns as the vaccine roll-out expands and transmission rates decline. While COVID-19 variants will continue to remain a 'threat', all the indications are that governments will manage the increased risk through regular vaccine top-ups.

Some may imagine that as governments release lockdowns, the lights will come on again and life will return instantly to normal. Some business leaders are desperate for a return to the 'old normal' 9-5, 'everyone in the office' model. Others recognize that the world has changed for good as the benefits of virtual working and increased flexibility to employees and organizations have become clearer.

From our own assessment of the issues surrounding a return to a 'new normal' hybrid work approach, we have drawn the following conclusions:

1. For many people, government guidance alone will not be enough to get them back to traveling to offices in city center locations. Our brain's natural pre-occupation is to maintain our social and physical safety and many people will take time to accept that the commute risk is greater than the value of physical attendance.
2. Factors that may influence the perception of risk include age, current state of health, ethnicity, personality, personal circumstances, feelings of wellness and work experiences during the pandemic.
3. For younger workers, the draw of social interaction coupled with a lower mortality risk may well encourage an early return. We note, however, that in all our studies, working with employers as diverse as Legal Practices and Not for Profit organizations, younger workers are seeking roughly the same levels of flexibility as their more mature counterparts, contrary to popular belief.
4. Organizations will need to develop 'build back better' change and engagement programs to address employee confidence, negotiate new working arrangements and demonstrate to their employees that office attendance and travel are safe.
5. A study going back to 2011 by the [UK's Office for National Statistics](#) shows that people in an office worked fewer hours and took more days off sick than those working from home, yet they were more likely to receive bonuses and promotions. Managers need to change their mindset to overcome what behavioral scientists call "present bias".
6. In the first instance, organizations will be reluctant to insist on workers travelling and attending their offices due to the risk of litigation and reputational damage should their attendance result in illness or mortality.
7. Many employment contracts and HR policies will need to be overhauled to recognize the 'new normal' hybrid world. Most employment contracts refer to 'the office' as the place of work. In future, employment contracts will need to be formulated to enable flexibility of location while being clear about organizational expectations for social interaction, attendance and worker obligations/entitlements.
8. HR policies and practices associated with recruitment, induction, learning & development and performance management, which often reflect presence-based models of work, will need to be overhauled to reflect greater levels of virtuality and flexibility.
9. Where organizations wish to transition to more flexible working models, leaders at all levels will need to facilitate conversations



with their employees to identify and agree new models of working for the team that blend individual needs and desires with business needs and priorities.

10. Ultimately, the creation of new 'working together agreements' will need to be facilitated by leaders and teams, nailing down the details of how the team will work together. These agreements will need to be created within an agreed organization-wide framework to ensure fairness and consistency, while enabling team autonomy.
11. The post COVID-19 world of work needs a new psychological contract between employers and employees that recognizes the unique needs of people at different stages in their lives.

Government Guidance May Not Be Enough

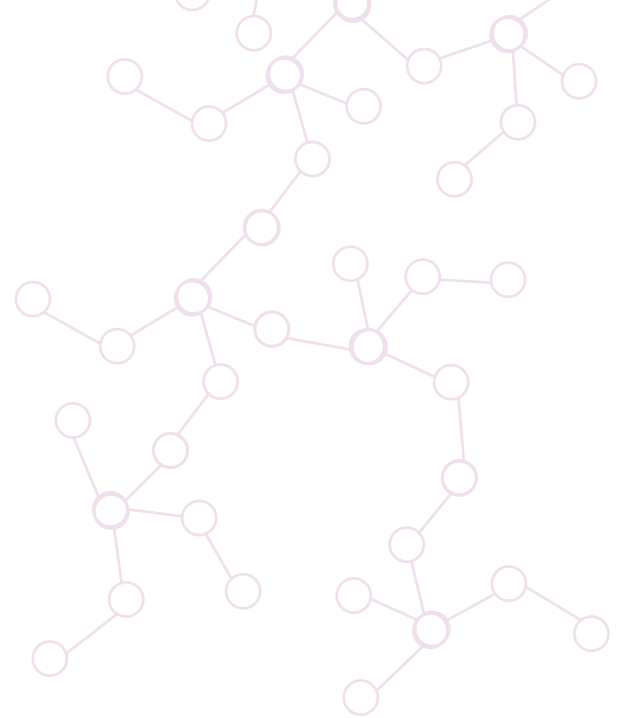
State and national governments around the world have tackled the COVID-19 pandemic in different ways, but all are keen to get their economies back on track while managing the transmission of the variants that are now emerging.

As vaccination levels rise in populations and transmissions subside, the release of the lockdown will be carefully managed so that the risk of expensive flare ups is low. There is clearly a perceived risk that current vaccines may not fully protect citizens from emerging

COVID-19 variants. However, this situation is likely to be managed through vaccine top-ups dispensed regularly throughout the year. In some countries the optimism about the end of the pandemic runs higher than in others. The trust the UK population have in the UK's National Health Service is leading to high levels of vaccine take-up, yet in other places (notably in France, Germany and some states in the USA), suspicion about the influence of big Pharma on government and regulators, and questions about private healthcare providers is leading to higher levels of cynicism and lower take-up rates.

Trust in Government advice clearly plays a part. In the US, around 80,000 New York workers will be able to return to their offices on 3 May. City mayor Bill De Blasio, the politician responsible for this decision, has said companies now see that "it's time to come back". These officials hold positions of power and influence, yet appear to speak from personal opinion when giving advice to the country. A more informed, evidence-based approach would deliver more credibility and trust.

All in all, announcements and guidelines from national or state governments may not be enough to get people back into city center offices, particularly those with mass transport systems.



The Employee View

Back in March 2020, I wrote a piece for Forbes called [‘The Brain’s Journey To The New Post-Coronavirus Normal’](#). In it I argued that the once socially and physically ‘safe’ rituals and understandings of the office world were being replaced by the new safe world of working at home. It’s clear from the work of some of the world’s leading neuroscientists, including [Lisa Feldman Barrett](#) (author of the book 'Seven and A Half Lessons About The Brain'), that the brain’s primary purpose is to keep us alive to enable us to procreate and transmit our genes to the next generation.

Pre-COVID-19, for many people, the old safe meant waking up early, squeezing onto a commuter train or crawling on a busy highway, and working in an office with colleagues who shared the same experiences. This existence brought social status, purpose and income. Every day these rituals were repeated until patterns of behavior were programed, forming deep personal and tribal habits. If these habits need to change, conscious programs of activity designed to evolve patterns of thinking and behavior are required – whether initiated by the individual or the organization.

Whether people appreciate it or not, the primary and (often subconscious) pre-occupation of the brain is to keep us alive by maintaining our physical and social safety.

Since March 2020 ‘safety’ for many brains has meant working at home, keeping away from other humans, washing hands and wearing a mask. Additionally, people have become familiar with new software applications like Zoom and Teams. They’ve learned new skills and formed new understandings about what can and can’t be done online. They’ve built

new practices and processes, which, for many have worked as well as old ‘in-office’ practices. Not only has the brain found safety, it has been exposed to a new world of work and new habits that are, by the day, becoming more ‘grooved’. Habits are shortcuts that help conserve energy, so we become very invested in them as they serve us well.

Having found safety, the brain is reluctant to expose us to risks that may impede its future wellbeing unless things can be demonstrated to be safe. The perception each brain has of its relative ‘safety’ state is dependent on a variety of factors, including personality, personal circumstances, health risks level of immunization, their beliefs about vaccine effectiveness and so on. People who are under 50 may, because of the data regarding mortality (and based on current variants) feel that it’s safe to brave the public transport systems to get to an office, whereas those a little older with underlying health situations may not.

Research, published earlier this year by [Honeywell Building Technologies](#) among 2,000 employees in the US, UK Germany and the Middle East found that 68% do not feel completely safe in their buildings. The study revealed that people are far more attuned to aspects of in-building safety now, and their

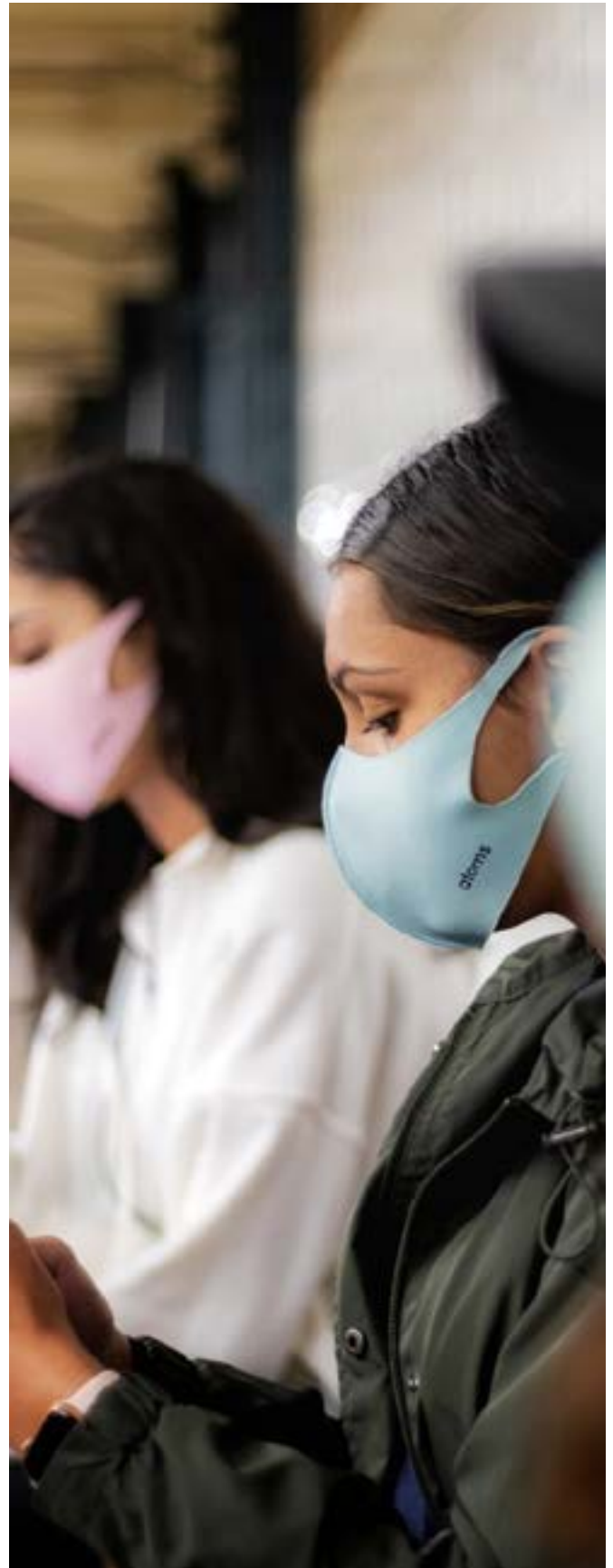


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~ Professional Network Blind

expectations have risen significantly.

So, the brain's perception of risk is a key factor, but so is the value associated with the prize of overcoming the risk. If the value associated with commuting to work is high, people may feel inclined to take the risk of exposing themselves to perceived virus transmission. For example, if going to an office has social or business value for you personally, you may be prepared to take the perceived risk of the journey to work and working with colleagues in an enclosed environment such as an office. But for those who believe that working at home using Zoom, Teams or similar sharing platforms to communicate with team-mates at zero risk provides a good value experience in relation to the face-to-face experience, they are likely to continue working remotely.

Having the opportunity to make choices is powerful, and permitting choice demonstrates trust on the part of the employer. According to a [survey of 3,000 workers](#) by anonymous professional network Blind, if employers unilaterally decide to remove the choice to work from home, more than a third of people say they would quit. As more organizations embrace different working patterns and styles, the opportunities for people wanting to switch companies can only increase.





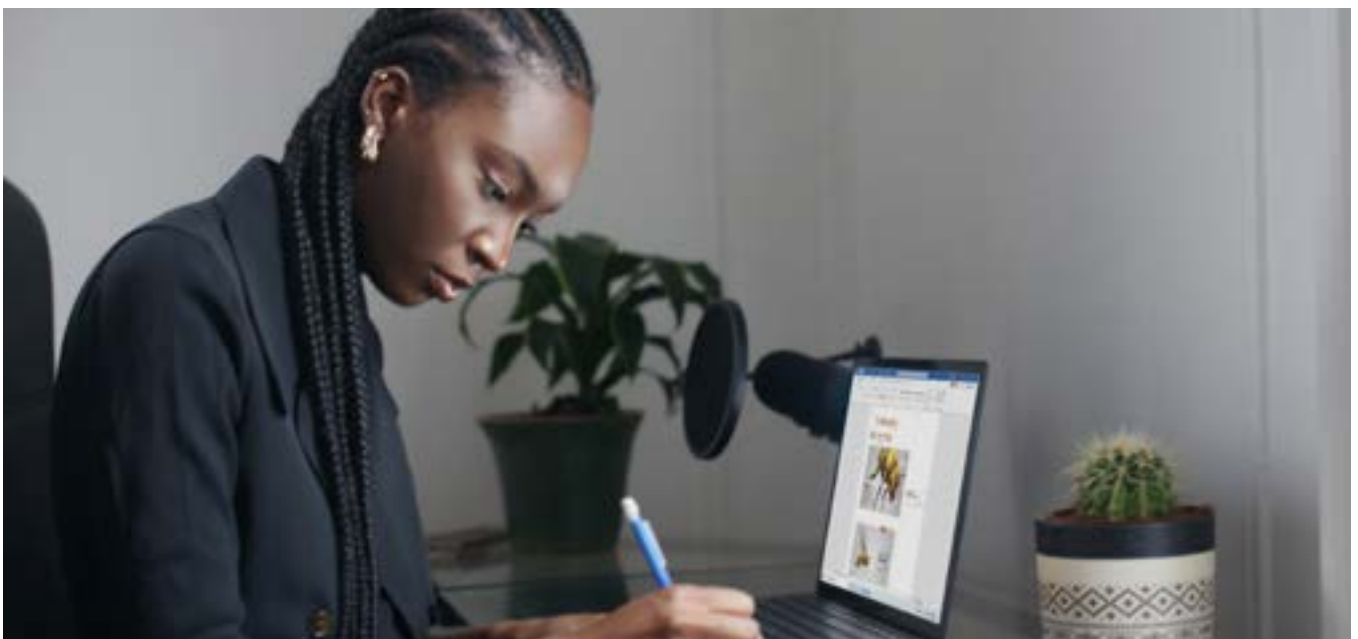
Brain Says “Yes” or “No”

To illustrate the point above, let's take two examples: the first is David, a 55-year-old male middle manager with two kids who lives in the suburbs; and Joanna, a single 25-year-old professional in a law firm who lives alone in an apartment in a cheap location of a major city.

For years David has risen at 6am, caught the train an hour later, endured a crowded journey and arrived at the office exhausted at 8am. He's found (to his surprise) that he and his colleagues have been able to work very well together using a combination of Teams, Zoom and email and although it's not been the same as 'face to face in the same place', it's worked out pretty well. Although the kids have been at home a fair amount of the time, he's managed to get some quiet focussed time by managing his diary well. Remarkably, he's also had more quality time with his boss during the pandemic as good leaders recognized the need for more contact time to keep their teams up to speed on what has been going on. Although David has used some of his reduced commuting time for work, he's also worked out a regime that allows

him the time for a walk every lunchtime or go to the gym (when it is open) and still enjoy an evening meal with the family. He's saved an enormous amount of cash on train fares, has barely used his car for months and feels happy he's doing his bit for the planet because he's not been traveling. In addition, he's not exposed himself or his family to the risk of infection.

Now imagine the pandemic is over and his employer sends the email calling on people to return to the office. Although he enjoys the social side of work, his first thought is: 'well, why do I need to return to the office every day and travel in on expensive, crowded trains with the potential for infection, when I can just as easily do most of the things I need to do from my home?' In other words, David's brain is saying 'does the value of traveling to the office outweigh the risk of infection?' The brain uses a [prediction loop](#) that allows it to evaluate the risk of given actions based on experience. If there is no experience to rely upon, this becomes more problematic and takes much more energy. It's





easier and less costly in terms of energy for the brain to just say 'no'.

Now let's take Joanna. She's been working from home for much longer than she'd like to. She came to the city to develop her career, learn as much as she could from her seniors and make new friends. She's been a good citizen, she's stayed in, social distanced and she's barely seen anyone face to face for months. And although everyone has been great to work with online, she's missed the social side and feels as though she's not learned as much as she would have done in the office. To add to this, Joanna's apartment is small and doesn't have a garden.

When she gets the email to return to the office, she's delighted. She wants to see her friends in the office and return to some normality but would still like some of the freedoms that came with COVID working. As a younger worker, she's read all the stats and knows that the risk to her health from COVID-19 is pretty slim and so is not fearful. The value to her of braving public transport outweighs her fear of illness or death. Using a prediction from pre-pandemic times, Joanna's brain says 'yes' because it has sufficient information to predict the outcome.

The Company View

Right now for many employers, their employment contracts require their people to attend the office as their primary place of work. While leaders in some companies are keen to have people back in the office all or some of the time, organizations and their leaders need to be aware that in most jurisdictions, leaders have a duty of care to their employees, meaning they need to take all reasonable precautions to ensure their physical and mental safety.

If a leader's over enthusiasm/insistence on people journeying back to work in the office leads to employees being ill or transmitting the virus to a loved one, the company may be liable to legal action and/or suffer reputational damage.

Companies can of course take all the precautions that are possible to make their offices safe including social distancing in the office, enhanced filtering on their air conditioning systems, upgraded cleaning regimes, insisting on better personal sanitizing disciplines, temperature monitoring and so



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on. They may also limit attendance in the office to those with an up-to-date vaccination certificate. What they can’t control is the journey to work and the risks associated with transmission.

Where companies have offices located in the center of cities with mass transit systems like London, Paris or New York, employees may be reluctant to get on a packed train, tube/ metro or bus at peak times of the day. That said, the flexibility gained from working from home could be used to enable employees to stagger their journeys to work, avoiding peak periods and smoothing the load on previously pressurized travel systems. Information about how busy particular stations are in NYC, for example, is provided by the Metropolitan Transportation Authority, to help people ensure social distancing while in the station and train lines provide guidance about how easy it is on their services (although naturally at the current time, this isn’t a big issue).

In addition, [research has shown](#) that people are concerned about their safety in the office. This partly reflects their trust in the employer (and indeed their colleagues) to do what is required to keep everyone safe.

On balance we think companies will be reticent to insist that employees attend the office. Instead, we expect organizations will make their offices ‘available for attendance’ at the employees’ risk but will not insist on attendance for some time.

Taking a broader view, isn’t this what we want

in any case? Hasn’t COVID-19 changed the default? Before the pandemic, the default was that the vast majority came to the office every day and those that worked away were the minority, often feeling like second class citizens. Perhaps for some companies the default has flipped where people will only attend a central office if there is enough value in their attendance to warrant the risk of the journey. “There’s not much point in making people come in to the office if all they are going to do is sit doing their emails and work online with headphones on,” I heard one senior leader say recently.

During the pandemic, leaders, teams and whole organizations learned a lot about the value of using new technologies to connect teams. Many positives emerged and these learnings should be consolidated and embraced within new principles that will govern their future ways of working. In turn, these principles need to be translated into new ‘working together’ guidelines, forming the baseline for open discussions with teams who can work out the best arrangements for them - arrangements that will meet the needs and desires of individuals while helping the organization meet its business goals. This will help reset and illuminate the largely implicit psychological contract between parties, bringing clarity to the arrangements in terms of what is and isn’t desirable and acceptable for the team.

The presence of a psychologically safe environment is paramount, wherever people are working. It will ensure that everyone, whether they’re together or remote, feels empowered to share ideas, be heard and take judicious risks in the pursuit of personal and team development.

Conclusion - Finding the New Normal

The experience of work during the pandemic has varied enormously, but one thing is for sure: people have had a real (if extreme) experience of working virtually. Through this experience many new understandings and learnings have become clear and attitudes to working away from the office have changed. Many leaders now accept that working from home for at least part of the week is a feasible option and that when people do it, they work as hard and long (if not longer) than they do when they go to the office.

Pre-COVID the trend towards greater flexibility was already in train with many employees seeking more flexibility in where, when and how they worked. In many cases the movements in companies to greater virtuality and flexibility were held back by the prejudices and outdated attitudes of leaders. Few leaders had in fact experienced new models of working and their views were conditioned by their norms, conventional wisdom and their personal opinions, many of which have now been overturned by their real experiences.

For many workers, removing the hassle and cost of the commute has been a major benefit, giving time back for other activities, reducing the wear and tear of the commute and saving large sums of money. For others, the ability to do uninterrupted distraction free focussed work in their own 'office' has been a major benefit. Of course home schooling, childcare and limited home space have deprived many of the real experience of remote working, but with children returning to schools the home working experience will be a very different one and closer to what is possible post COVID.

Going forward, the real opportunity for individuals, teams and whole organizations is to find a new balance in working arrangements





that suits everyone better; to re-invent work for teams and their organization; to embrace virtuality as a tool for better meeting the needs of employees, shareholders, clients and society. But how do you create the new way and not slip back to the old way?

Firstly, we encourage senior leadership teams to agree a set of new working principles to guide the organization in evolving its ways of working and supporting workstreams. Secondly, we suggest these are translated into guidelines, a 'Master Working Together Agreement' that helps frame the discussions between leaders and their teams.

Once these are in place, leaders need to facilitate open and 'safe' discussions with their teams to consider future work models, create detailed arrangements and set expectations to ensure everyone knows how things are done within the team. That may mean that on Wednesdays everyone goes to the office followed by dinner and drinks, or that on Tuesday mornings we don't expect James to be around online before 9am because that's the day he takes his kids to school.

In the new world, we should embrace a diverse range of working practices so there's a need for teams to come to new agreements about how they'll work together, recognizing different requirements and aspirations whilst still keeping the needs of the business at the fore.

The modern employment contract displaced the 19th Century 'master/servant' model because of 20th Century social legislation and the growth of collective bargaining¹ (i.e. the unionization of workers). Nevertheless,

the modern contract allowed organizations to largely dictate the terms of employment and this has allowed them to exert power in employment relationships. Contract terms typically specify hours required, where work takes place, and the benefits - breaks, holidays, sick leave and so on. With overtones of 'obedience', the contract fulfilled a dual purpose of setting expectations on both sides, while protecting the rights of each side against exploitation by the other.

The expectation was that work had to be carried out where it could be observed and managed. Together with the largely implicit psychological contract, this formed the basis of what people understood to be the nature of their relationship. The greater need in the modern age is to provide flexibility through the formal contract (while maintaining protection for both parties) and being more explicit about the things that have hitherto been left unsaid, through a working together agreement. In this way, it is easier to manage expectations and establish mutual trust and shared objectives.

With the emergence of digital economies, mobile technologies and the rise of knowledge work, the game is rapidly changing. Employees in the modern world have more choice as to which organization(s) they work for and how they work with them. Broadband networks and ever-more computing power has opened up opportunities for people to work for an organization that isn't local.

Progressive leaders are using the pandemic as a powerful tool in their quest for modernization and competitiveness. The game has changed and employees are in the driving seat.

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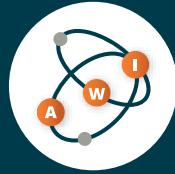
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