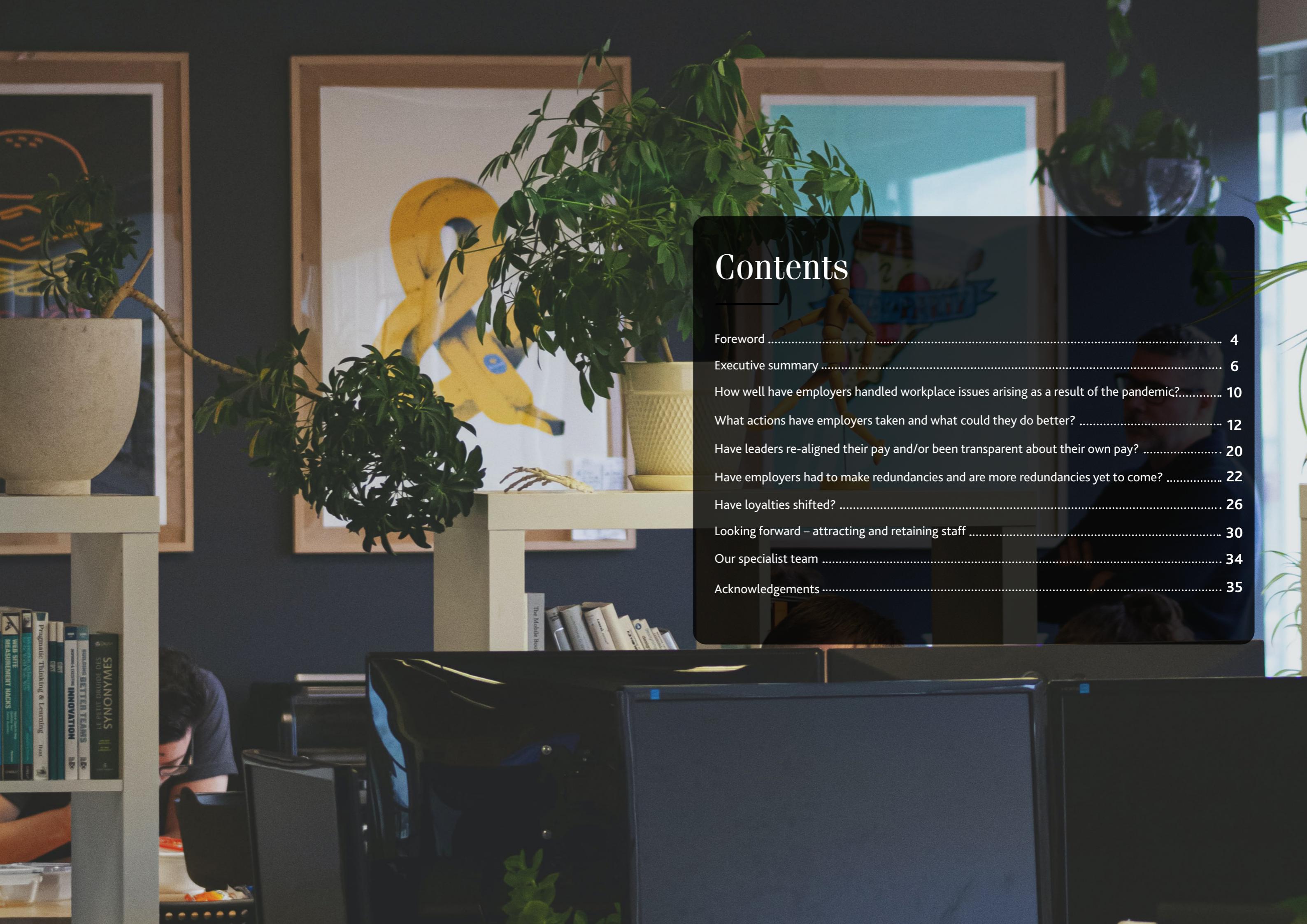




Ethical leadership in a time of crisis:

How employers have responded to the pandemic and what this means for the future of work



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Foreword

The last year has seen immense changes to working practices as a result of the COVID-19 pandemic. When the UK lockdown commenced on 23 March 2020 and employees were told to work from home wherever possible, employers had to adapt quickly to ensure that they had the systems and processes in place to enable employees to work from home. With home-schooling bringing an additional set of challenges, employers and employees have also had to agree flexible working arrangements so employees can juggle work and childcare responsibilities.

Many employers have faced pressures and strains as a result of the pandemic, which means they have had to face difficult workplace issues such as implementing recruitment freezes, pay cuts, reduced hours, redundancies or placing employees on "furlough" (a concept which was completely unfamiliar in the UK before the pandemic).

At our Workforce Conference in November 2020 we discussed key themes, such as ethics and leadership, and how leaders set "The Tone From The Top" and need to drive strategy in the new climate. We wanted to continue with this theme in our research by focusing on ethical leadership. We have all seen the media coverage about the "baddies" of the pandemic – those that have not treated their staff fairly or appropriately, but how do employers in general, and more importantly their staff, feel that matters have been handled? Have employers on the whole acted fairly or have they exploited the opportunity of the pandemic to implement workforce changes they had not brought in previously because they would have been open to challenge and unpopular? What positive steps have

organisations taken to support their workforce? How has the way in which organisations have dealt with matters impacted on the loyalty of their employees? What do employees feel their employer could do better? These are just some of the questions we asked as part of our research.

Our research involved surveying over 1,000 employees and 500 HR decision makers in a YouGov survey in January 2021 and holding 19 in depth interviews with HR decision makers and founders in February 2021*. We also consulted experts in the field: Claire Pointing, Executive Coach and Organisational Consultant at DML Consulting who draws on her INSEAD master's degree programme in organisational behaviour and clinical psychology, and Ian Muir, Director at Keeldeep Associates who has 30 years of global experience in corporate life working with leadership teams and individuals to improve organisational performance. We are also grateful for insights from Janet Larsen, Business Psychologist, Natasha Wallace, Founder and Chief Coach, Conscious Works, and Julia Hayhoe, Managing Director of Hayhoe Consulting.

We hope that you find our research just as interesting as we did.

Louise and Harriet

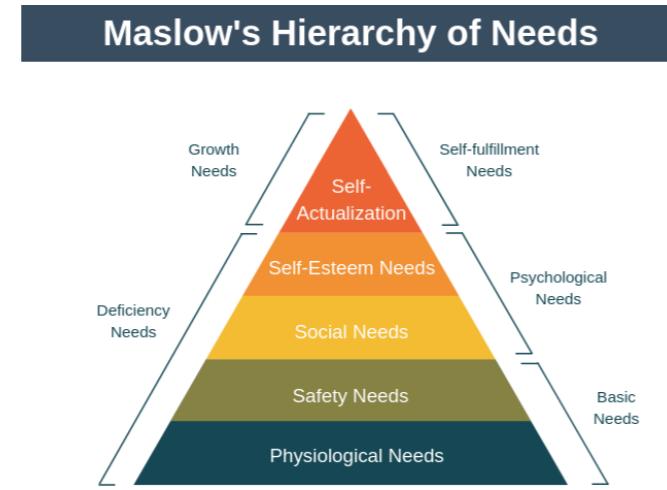
*All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 523 senior HR decision makers (fieldwork was undertaken between 14th to 20th January 2021. The survey was carried out online) and 1,004 employees (fieldwork was also undertaken between 14th – 20th January 2021. The survey was carried out online.) The figures have been weighted and are representative of British business size. Respondents work for organisations from a wide range of sectors that range in size (from 1 to over 250 employees). All are based in the UK. Of the employees surveyed 60% are male, 40% are female. 28% are over 55, 27% are 45-54, 22% are 35-44 and 23% are under 35.

Executive summary

When we decided to carry out our research into ethical leadership, we thought that employers' and employees' views regarding how well workplace issues arising as a result of the pandemic had been dealt with would differ; that employees would have a more negative view as a consequence of the changes they or their colleagues have experienced e.g. redundancies and pay cuts. We also believed that employees would have an increased focus on the purpose and values of their employer and whether their leaders have been doing the right thing e.g. taken pay cuts alongside the rest of the workforce. Ethics has certainly received a great deal of media attention with the press reporting on which organisations have taken government money for the furlough scheme and whether this was the right thing to do and how staff have been treated during the pandemic.

What we discovered from our research, however, was that employers' and employees' views were much more aligned than we thought they would be. There were also surprising results around employees being indifferent towards leaders not taking pay cuts and that their feelings of loyalty had not been significantly impacted by their employers' actions during the pandemic. What we realised is that we would need to analyse these results taking into account the concerns that employees have experienced during the pandemic and the impact this has had on their needs.

Over the past year employees have been concerned for their own physical safety and that of their loved ones as a result of the pandemic, which has resulted in anxieties around working in an office environment or travelling to the office using public transport. They have also had to face real concerns around job security and financial stability with some sectors forced to close or operate in very restricted circumstances and others facing a drop in profits. Many employees have been furloughed, are working reduced hours, have had their remuneration package reduced or have been made redundant. At the same time, some employees have had to juggle home schooling, causing worries around whether employers are genuinely supportive or this could have



a detrimental impact on their career in the longer-term. Others are experiencing isolation and mental ill-health.

When we consulted experts about the results, we learnt that as a result of employees' experiences during this period and issues they have faced, the

COVID-19 pandemic has created a shift in employees' needs with their primary mindset now being one of survival and just getting through the pandemic in one piece. Claire Pointing explains that: *"We have been living with the impact of the Pandemic for a year and for many employees "surviving" the impact of COVID has shifted their focus (in the short term at least) to prioritising aspects of their job that make them feel more secure and build a sense of safety and certainty. The impact for this desire for safety and security can be understood through Maslow's Hierarchy of Needs. Many employees are primarily focused on securing their personal basic needs - physiological, safety/financial and social – all of which COVID has thrown in the air. One impact of the Pandemic is that, for many, these most fundamental of human needs go unmet or feel under threat. Many individuals and groups who would normally feel safe and secure are effectively locked in a survival mindset and do not have the emotional space to give their attention to the bigger picture".*

When analysing the results of our YouGov survey we, therefore, need to bear in mind the importance of how this survival mindset has influenced the results. Our view is that this survival mindset will only last for the short-term and as the economy improves, employees will reflect on whether their employer treated staff fairly during the pandemic with a different mindset.

In our report we have set out what we believe will be important in the recruitment and retention of talent in the longer term and what steps employers can take to build a thriving culture. We are very grateful for the insight and recommendations shared by the employers we interviewed regarding how they have supported their workforce, which we hope other employers will find interesting and useful, as we certainly did.



THE TOP FIVE IMPROVEMENTS THAT EMPLOYEES SAID EMPLOYERS COULD MAKE ARE¹:

- 1 Communication and engagement.
- 2 To be more compassionate.
- 3 Have more flexibility in working arrangements.
- 4 Offer more wellbeing initiatives.
- 5 Align executive pay awards where the rest of the workforce has had to take reduced remuneration packages.

KEY STATISTICS AND FINDINGS

78%
& **73%**

Employers (78%) and employees (73%) are aligned in believing that employers have handled workplace matters well as a result of the pandemic.

22%

of employers had re-aligned executive pay.

52%

of employers have not yet had to make any redundancies despite the significant downturn in the economy which suggests that the furlough scheme has been fairly effective to date.

38%

of employers felt they had ensured appropriate communication and engagement with employees during the pandemic.

23%

More employers had not been transparent about executive pay than those who had, but the majority of employees did not mind.

51%
& **40%**
vs **32%**

Job security (51%) and flexibility (40%) are currently more important to employees when considering whether to remain at their current employer or move roles than salary (32%).

¹Percentages taken from YouGov Plc survey to employees - Communication and engagement -25%; to be more compassionate -18%; have more flexibility in working arrangements -17%; offer more wellbeing initiatives - 15%; and align executive pay awards where the rest of the workforce has had to take reduced remuneration packages - 13%

How well have employers handled workplace issues arising as a result of the pandemic?

Our YouGov survey asked both HR decision makers and employees how well they felt their organisations had handled workplace issues arising as a result of the pandemic. 78% of HR decision makers said they felt that their organisations had handled the situation well, compared with only 7% who said they had not handled it well. This result also reflects the interviews we undertook with HR decision makers and founders from various different sectors, who for the most part spoke very positively and were proud of the ways their organisations had adapted and handled the workplace issues which had arisen during the pandemic (see pages 16 and 17). Some decision makers explained that the changes which had been implemented, such as increased flexibility and new wellbeing initiatives, would have a long-lasting positive impact on the organisation and their employees.

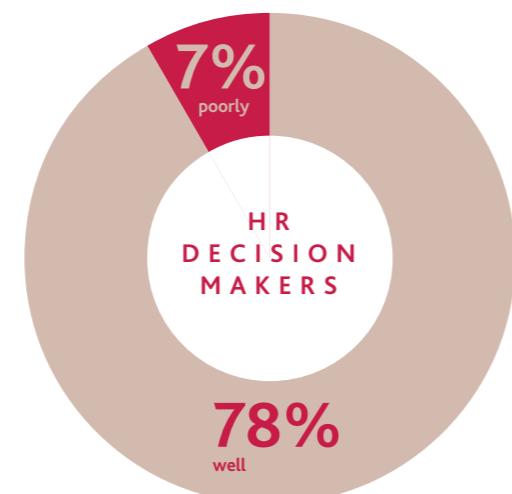
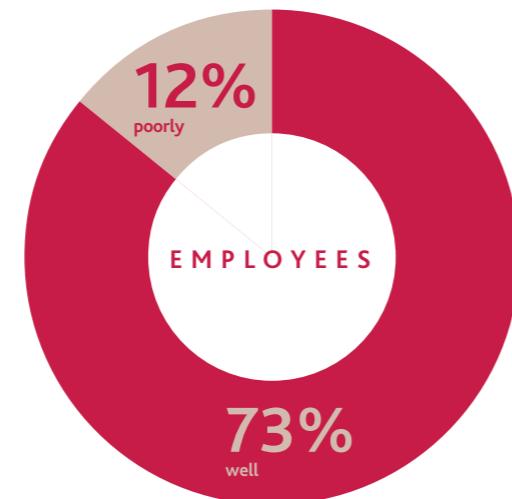
The perhaps more surprising result from the YouGov survey was from the employees, as 73% of employees considered that their employers had handled the situation well, compared to only 12% who said they had not. This is very encouraging, especially as we know that a large number of employers have had to

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“The transition from office working to home working has worked well with no real issues. It has created significant cost savings for the business as well as providing employees with more scope to work flexible hours to suit them.”

Atul Sudra, MIB

Overall, how well or poorly, if at all, do you feel you as an employer / your employer has handled the difficult workplace issues that it has had to face arising as a result of the COVID-19 pandemic?



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“I am really proud of the way we have handled workplace issues linked to the pandemic. The organisation is a much better place than it was 12 months ago. A number of operational projects have really brought people together and you can feel and see the progress.”

Suzanne Tomlinson, Bonhill Group

take measures such as redundancies, pay-cuts and furlough. Despite this, the majority of employees still consider that their employers have handled the situation well. However, when considering these results, we need to be mindful that the sample of employees who were surveyed are those that are still employed. Therefore, although they may have had sight of redundancies within their organisations, they have not been directly impacted by them, meaning that they may have a more positive view of how well their employer handled the situation compared to those who were made redundant.

Before we carried out this research we had questioned whether some employers may have used the pandemic as an opportunity to push through pay-cuts and restructures or carry out redundancies that

they had been wanting to do for some time, but knew would meet resistance from employees. The results indicate that this has not generally been the case and that employers have, for the most part, taken an ethical approach, rather than trying to push through a new agenda when employees are feeling insecure and potentially prepared to accept detrimental changes provided they retain their jobs.

Overall, we consider that we can take confidence from these results. The overwhelming majority of employers appear to have been able to adapt well to the dramatic change in circumstances brought about by the pandemic, have not lost sight of their duty of care towards their employees and have been able to successfully overcome many of the issues which have arisen.



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“On staff engagement, we have done a number of activities to help keep morale up. We have done an “at home with the managing partner” series which is informal and includes light-hearted content and have started coffee roulette – whereby you are assigned someone else around the firm to have a coffee with.”

HR director, mid-sized law firm

What actions have employers taken and what could they do better?

COVID-19 has resulted in changes to the way the vast majority of organisations (83%, according to our YouGov employers survey) have dealt with workforce matters. Organisations have had to adapt (and quickly) as a result of the pandemic. Interestingly, nearly half of employees (44%) felt there was nothing their employer could have implemented or improved (or could implement or improve in the future) to deal with the workplace issues that had arisen as a result of the pandemic, which we believe is positive. The employers we interviewed as part of our research also reported on the whole that they felt they had handled workplace issues well. We are delighted to share over the next few pages some of the steps that these organisations have taken to look after their workforce as best as they can during these difficult times.

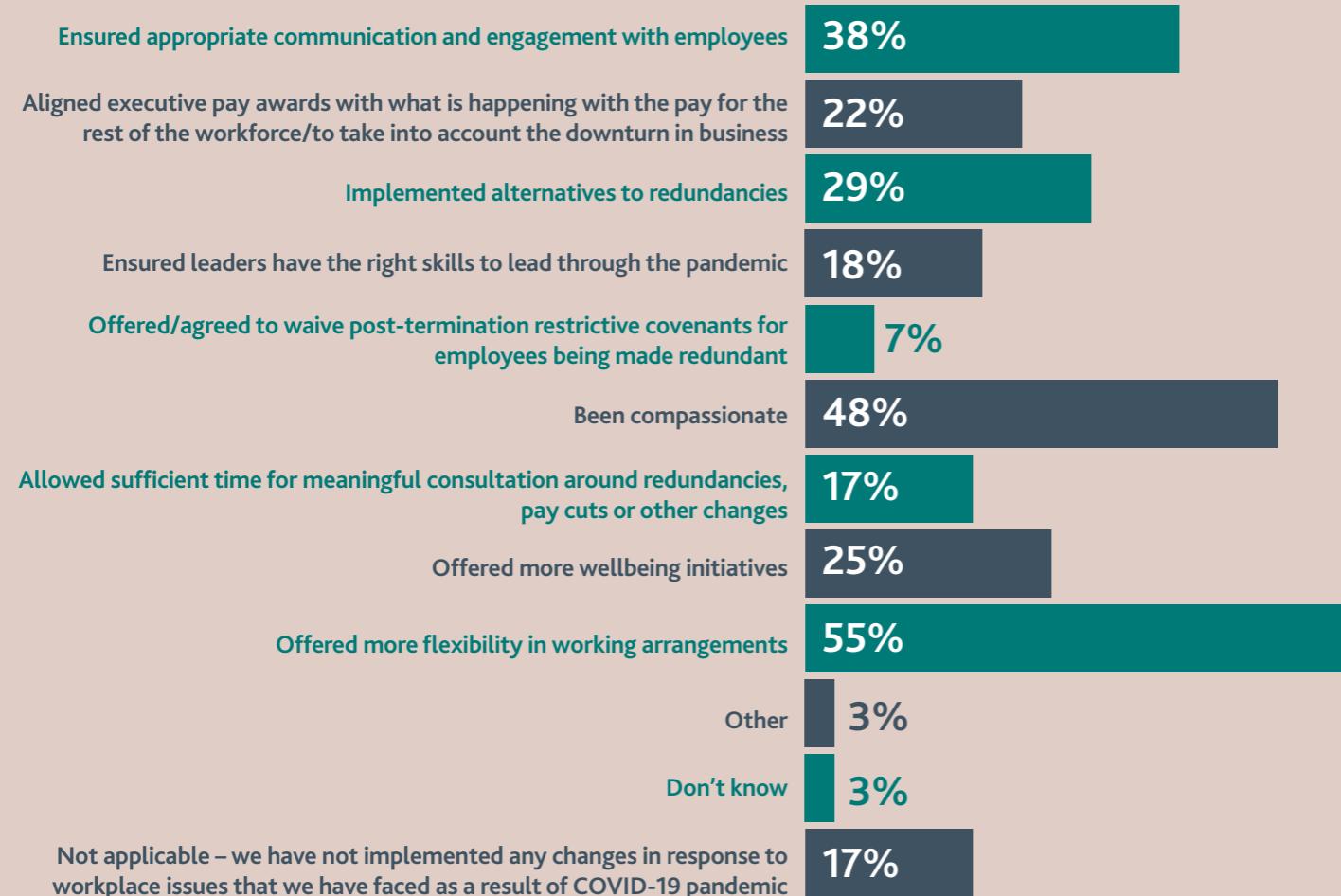
The number one change that employers have implemented is to offer more flexibility in working arrangements (55% of employers have done this). Although the pandemic has been a catalyst for increased flexibility in working arrangements, a figure of 55% still seems quite low. 17% of employees said they wanted more flexibility in working arrangements which shows that employees still hope that employers can offer more flexibility, particularly the younger generation (24% of under 35s felt

more flexibility could be offered). Many of the employers we interviewed reported that remote working and flexible working have been a success with employees working effectively and as a result they intend to continue with remote working and flexible working arrangements in the longer term. In fact, many employers reported that empowering employees to work how and where they want has had a positive impact on productivity.

Around a half of employers (48%) felt they had been compassionate when dealing with workplace issues and only 18% of employees felt that employers could have been more compassionate, which we feel is fairly positive bearing in mind the pressures that organisations are facing. Again, a higher proportion of the younger generation felt that their employer could have been compassionate (29% of under 35s as opposed to 13% of over 55s). There was also a gender difference with 22% of women compared to 15% of men believing their employer could have shown more compassion. Some of the best examples which employers shared with us were delivering care packages to their employees, allowing a longer time for meaningful consultation around changes, allowing additional flexibility for employees who are home-schooling, and implementing wellbeing days off.

How have employers adapted to support their workforce through the pandemic?

HR decision makers: Which of the following have you/ your organisation done or implemented in response to workplace issues that you have faced as a result of the COVID-19 pandemic?



Employees: Which, if any, of the following do you think your employer could have implemented/ improved or implement/ improve in the future in how it has handled workplace matters as a result of the COVID-19 pandemic?



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Lockdown hit in the middle of our culture transformation and the day before we were due to launch new company values. The timing was terrible. Yet conversely, COVID turned out to be a real accelerator of our culture journey. We moved the whole organisation to remote working in just a week. As an ExCo, we made the conscious decision to slow the strategic agenda down for the first 8 weeks in favour of supporting line managers to deliver a human employee experience that focused on wellbeing, mental health and performance. The results have been amazing. MIB achieved the highest engagement scores of any UK organisation moving to Gallup in its first year and we achieved 89% of our business scorecard. We introduced a range of weekly virtual rituals including town halls which put a spotlight on particular topics – such as Black Lives Matter, and Trans Awareness Week and includes a weekly Q&A for all employees”.

Jordan Barry, Motor Insurers' Bureau

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“Wellbeing has been a huge theme in supporting staff through lockdown, for example we recently ran unity week, which included a range of panel events and sessions on topics such as mindfulness. Communication has also been a focus. We have set up a Coronavirus intranet site – answering Q&As on a range of issues. We have done monthly CEO town halls, which have gone down really well. The message has been “be flexible and look after yourselves”.

Natalie Charalambous and Louise Brunhoj, IHS Markit


Toby Simpson
Wiener Holocaust Library

"We were already working on a mental health service to offer employees, so it gave us an impetus to push this through. This has included bringing in a subsidised counsellor, with the subsidy varying depending on salary. This has been successful and has made a real difference to some employees."


Office Manager
Management Consultancy

"We have set up a Virtual Workplace discussion for a small group of people to discuss initiatives for the virtual environment and working from home. We sent out a Staff survey on working from home and how this will be initiated going forward. The results were sent out to the working group to discuss and implement."


Quentin Solt
Director, CQRS Limited

"The pandemic forced change on most of the companies I am involved with. Many businesses had to relocate all their staff to work remotely. A common theme was to ensure that throughout the transitions staff felt enabled and empowered – from the board we tried to impart the understanding that the business wanted to help them deliver their "work product" whilst securing acceptable "work/life balances". Each company sought to ensure that staff were recognised as individuals with

their own needs, worries and skill sets. Executive management teams were instructed to be sympathetic and flexible, without unduly compromising on quality. A number of companies also initiated what I have started to refer to as "water cooler chat sessions" – informal electronic gatherings for staff across the business to share stories, experiences and the joys and challenges of everyday life. Where this has been done successfully, teams are gelling in a way that we had not anticipated prior to lock-down. I suspect that some of these new initiatives will survive long after lock down is a distant memory."


Suzanne Tomlinson
Bonhill Group

"The CEO commenced weekly email round-ups from the first week of remote working which has continued throughout and will carry on post pandemic. These include company updates, celebrate successes and have evolved over time and now have a more personal feel. We have hosted creativity workshops to allow our people to showcase and learn about recent work that is new, different or a direct response to COVID-19 with the aim to stimulate others into new idea generation and setting best practice standards and launched a buddy scheme connecting different people across the business. Towards the beginning of remote working, we held a "bring your home office to work day" with photos being submitted and shared of the wide-ranging home set-ups that

employees have including photos of their pets and children and we ran a working from home series on LinkedIn posting videos and pictures of employees being asked a range of questions around how they have managed their days and



performed their roles at home. These types of initiatives have had a really positive impact on connecting our people globally."


Managing Director
Insurance Brokers

"We ensure that we regularly check in with staff to ask how they are doing, and draw attention to our Employee Assistance Programme, which includes access to counsellors. We haven't had to reduce anyone's hours or put anyone on furlough – not even the receptionist whose role has been adapted. We have allowed greater flexibility, particularly with challenges around home schooling."


Nathalie Brulé
Lincoln's Inn

"We considered whether any decision we were planning to make was in accordance with our

values (these include transparency and integrity). We carried out a pulse survey in January asking what staff felt they were missing and the feedback was exercise, so we have introduced virtual Pilates and Boxfit classes. We have regular virtual town hall meetings. As some staff have still been working at the Inn rather than remotely e.g. security staff we ensured that these staff could still dial in to the virtual meetings by setting up video conferencing in meeting rooms."



Willorna Brock
Association of Commonwealth Universities

"I have been saying for some time that it is important for leaders to show vulnerability. Early on in the pandemic I wrote a blog about "being human" ...it is reassuring to see that some leaders have shown more vulnerability and understanding during the pandemic. Wellbeing is at the forefront of everything we do at the ACU. We provided a range of initiatives to support this including wellbeing guidance for managers and staff; enhanced the staff wellbeing service which has an app; we introduced two wellbeing days which staff took off; implemented wellbeing surveys and put on various virtual events during mental health awareness week. We also set up different Microsoft team channels so employees can share experiences e.g. on home schooling."


Director
Consultancy

"We organised small group catch ups (of no more than 8) where we found out how people were coping and what issues they were facing. Some serious issues came to light that we wouldn't have picked up had these conversations not taken place."


Jayne Morris
TPP Recruitment

"We continued our monthly company catch ups virtually and included break out rooms which we found were better to encourage chats. In terms of wellbeing, we are about to launch a wellbeing channel on Teams as a central point of reference for all information. We also gave all staff working a spontaneous half day in the summer to encourage them to enjoy the sunshine and concentrate on their wellbeing. We have also ensured interaction between employees through setting up a buddy system and have recently started groups such as Book Club and Parenting Group."


John Readman
Modo25

"To keep up morale we dropped off care packages at the beginning of lockdown. We have a company playlist (one of our employees is a DJ) which everyone can dial into."

If employees meet up for a one to one walk outside, the business will pay for their takeaway fish and chips."


Matt Phelan
The Happiness Index

"Our guiding light is "freedom to be human" so we do not have a blanket policy for all staff. We take a super personalised view for each employee which takes more time but ends up with better results. We use our own assessment product to gauge how employees are feeling. Our Head of HR then reports back weekly on those results and we use the results to inform decisions."


HR manager
Investment bank

"The company formed a Covid-Committee who met regularly, raised relevant issues to management, kept up to date with the government rules, and discussed and agreed on consistent approaches/action. This worked well as it allowed us to react quickly and respond accordingly within the business and it also meant that employees knew who to raise any concerns/matters with in relation to the pandemic. HR also used the internal intranet to create a wellbeing section which was updated regularly with a variety of activities, exercise and motivational info and general health and mental wellbeing."

What could be improved?

1. Connectivity

Over a third of employers (38%) felt they had ensured appropriate communication and engagement with employees when implementing workplace changes. The fact that communication and engagement need to be improved was also reflected from our survey of employees; it came out as top in what employees felt employers could improve (25%) across all generations and for both women and men.

Many of the employers we interviewed explained that surveys and pulse surveys had been invaluable in obtaining feedback from employees regarding how they wanted the future of their working arrangements to look and how their employer could better support them. It is key that employers then take on board this feedback to inform their workplace arrangements or make changes.

Some employers we spoke to also reported that although productivity had been high over the last year, leaders have had to work hard on ensuring connectivity with employees and fostering communications amongst co-workers, and this was still a work-in-progress. Several employers admitted that they hadn't done enough to canvass opinion



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“Managing collegiality has been a challenge – we should have ensured more regular communication with staff.”

Special Counsel, Investment Advisory Firm

from their workforce, which had a detrimental impact further down the line. A common theme was that Zoom-fatigue has been setting in with employees feeling lethargic about attending virtual work social events. Some employers felt that trying to do virtual social events with large number of employees did not actually work in practice as some employees did not feel comfortable attending or speaking and the forum only allowed for a small number of employees to speak.

With many employees likely to be working remotely full-time or part-time in the long-term, communication and engagement needs to be a priority. How do you recreate those water cooler moments? It is really important for leaders to create those conversations by reaching out to team members regularly to ask them how they are. Some employers are now focusing on having important check-ins on a one-to-one basis or in small groups to really be able to find out how employees are coping with the pressures they are facing, for example, home-schooling and isolation. It was also reported that the more intimate conversations have been far more effective as employees tended to be more open in a smaller group. For example, one employer explained that they had found out that certain employees were struggling during these conversations, which they would not have known about otherwise or until potentially it was too late. As well as leaders creating these conversations with employees, collaboration between team members and across departments needs to be encouraged, for example, through setting aside time for employees to engage with co-workers on a weekly basis.



2. Focus on wellbeing

A quarter of employers (25%) in the YouGov survey said they had offered more wellbeing initiatives to employees, which we consider is low bearing in mind the impact the pandemic has had on employee wellbeing. A quarter of under 35s (26%) said that their employer could have implemented more wellbeing initiatives and one-fifth of female employees said that more could have been done in this area.

Employers should be prioritising and monitoring the wellbeing of their workforce as part of their duty of care. Offering structured wellbeing support whilst engendering an open culture where employees feel able to talk about their feelings and concerns and

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“At times we didn't do enough to canvass opinions from employees. Because it is a small business there is sometimes the false impression that you know what people think.”

Toby Simpson, Wiener Holocaust Library

can find support for mental health issues at an early stage is critical. Managers should be trained to spot warning signs that their team may be suffering from mental ill-health (which will be harder to spot if employees are working from home) and have appropriate conversations with their team.

Janet Larsen, Business Psychologist, emphasises the importance of employees feeling stretched to feel positive wellbeing, for example, offering funds to employees to learn something new that does not necessarily have to be work related such as creative writing or watercolour courses. Employers could also look at implementing care packages, wellbeing sessions e.g. on resilience or mindfulness, having mental health champions and first aiders, and providing free counselling and digital GP appointments.

3. Support for leaders

Only 18% of employers reported that they ensured leaders had the right skills to lead through the pandemic, which we consider is low and we have commented on this further on page 28.

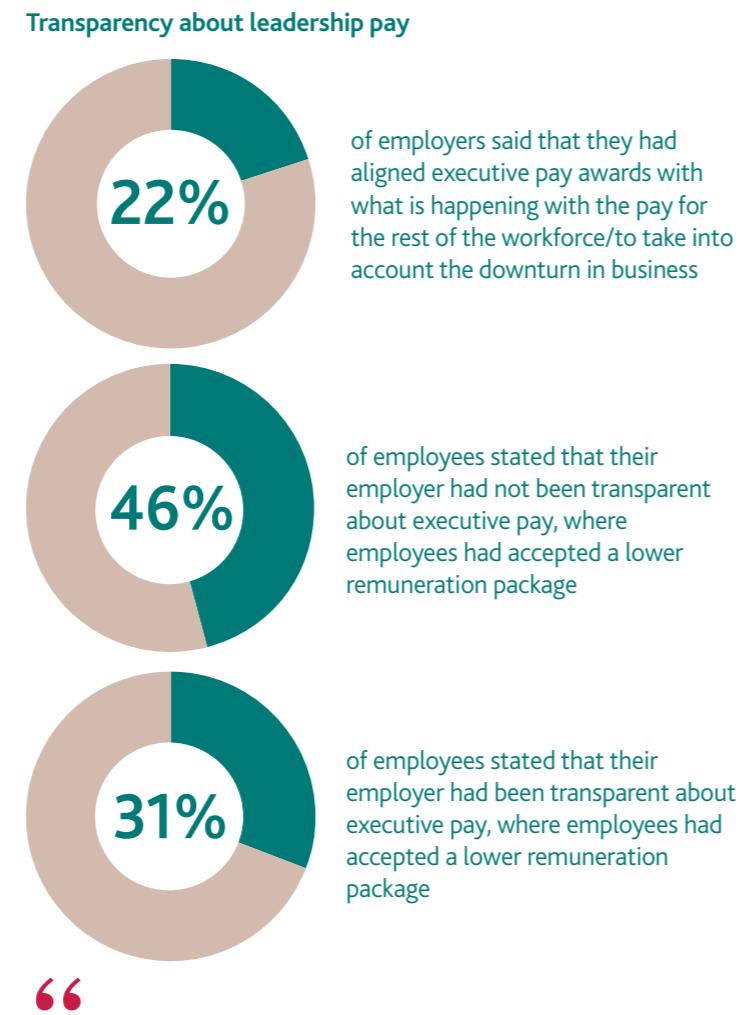
Have leaders re-aligned their pay and/or been transparent about their own pay?

Only around one quarter (22%) of employers had re-aligned executive pay, which is low.

Our survey also found that more employers had not been transparent about executive pay than those who had. In organisations, where employees had to take a hit on their remuneration package, for example, a pay cut or reduced bonus, 46%² had not been transparent about executive pay compared to 31% who had. This is presumably because a number of employers have not re-aligned executive pay. We were encouraged, however, that some of the organisations we spoke to had re-aligned pay by cutting senior management pay temporarily, or taking measures such as cutting senior pay in order to enhance the packages of those made redundant and were very open about the measures they had taken.

Surprisingly, we also found that for those organisations where leaders had not been transparent about pay, most employees did not, in fact, mind that their leaders had not been transparent even though they had to take remuneration cuts themselves. We had expected that more employees would have wanted their leaders to be transparent and show they were leading by example and being fair.

Ian Muir believes that: *"one explanation could be that employees have taken a more individualistic approach: as long as they felt their own pay was handled properly, they were less concerned about the senior echelons"*. It appears that employees are prepared to be realistic during these difficult times and are not overly concerned about leaders not being transparent about their own pay provided what they



“The senior leadership team have taken a pay cut and are now being paid one third of what they were previously. This means we have been able to still create new jobs and continue to grow. We have been transparent with staff about these pay cuts.”

John Readman, Modo25

²These statistics were calculated by Winckworth Sherwood LLP using data from YouGov plc



are asked to do is acceptable to them. It is all about context – for example, if an employee is expecting a pay cut of 30% because their organisation is facing financial strain but is told they will have to accept a 10% pay cut, they are prepared to live with this.

Claire Pointing explains that: *"where employees are in a survival mindset, they may be less interested in the perceived behaviours of leaders rather than the direct impact they have experienced i.e. provided they feel physically and financially safe and leaders are delivering on their promises that is enough for now"*.

Therefore, it would appear that because employees are more concerned about meeting their own physiological, safety/ financial and social needs and all their energy is focused on this, provided leadership behaviour does not directly threaten or impact those basic needs, this behaviour becomes less relevant to employees in these unusual times.

If there is a significant detrimental impact on the remuneration of the workforce, however, then transparency around re-alignment of executive pay will be important in showing that executives are sharing the pain too and "we are all in this together". We believe that employees in this scenario will care if their leaders are not transparent about their own

pay because their financial needs will be impacted/at risk. The younger generation (under age 35) reported that they cared more about whether their leaders had been transparent about pay than those aged over 55, so it will be even more important to fostering feelings of loyalty for younger workers.

With increasing government, public and shareholder focus on the need for fairness in how executives are compensated versus how workers are compensated (particularly where organisations are facing difficult times and have had to furlough employees or make employees redundant), our view is that careful consideration should be given to executive pay, and being transparent about it. Our survey found that where employers had been transparent about executive pay, the majority of employees felt their leaders had done the right thing which will in turn engender a better culture in these organisations.

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“We reduced the salary only of the executive team for a period of time during the first lock down, and for employees whose roles were impacted by redundancy across the company, we significantly enhanced the package to ensure employees received continuous income for a period of time during the pandemic.”

Natalie Charalambous and Louise Brunhoj, IHS Markit

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“To avoid compulsory redundancies, staff were invited to apply for voluntary redundancy on enhanced terms. This was welcomed and was very successful and has avoided compulsory redundancies for the time being although it's not clear at this stage if a further phase of restructuring will need to take place and staff have been made aware of this.”

HR Manager, charity



Have employers had to make redundancies and are more redundancies yet to come?

As we all know, the pandemic has had an unprecedented impact on the economy and there have been a record number of job losses this year, with many business sectors having to completely shut down for the majority of the year, most notably the hospitality and leisure sector.

Notwithstanding this, 52% of employers and 61% of employees that we surveyed said that no redundancies had been made in their organisations, evidencing that whilst there have been a record number of redundancies, they may not be as widespread across the sectors as we may have initially thought.

Unsurprisingly, the essential services, including medical and health, showed the least amount of redundancies as there has been either no change or increased demand in these sectors. The results in some of the other sectors were more surprising, for example in the retail and the hospitality and leisure sectors, both of which have been badly hit by the enforced lockdowns, the number of redundancies appeared low, with 72% of employees saying no redundancies had been made in the retail sector and 47% in the hospitality and leisure sector. Ian Muir has suggested that the low proportion of redundancies in these sectors “*may be a reflection of the effectiveness of the furlough scheme. And that if so, this poses significant questions about how the sectors will fare once the scheme ends*”.

The furlough scheme has clearly been a lifeline for many employers and employees and has meant that despite many organisations being essentially

dormant for the year, their employees have been able to retain their jobs. According to the Office of National Statistics³, a total of 11.2 million jobs have been supported by the CJRS since the start of the scheme. At the peak of the furlough scheme in May 2020 8.9 million jobs were furloughed which equates to 30% of the UK workforce. The latest figures show that 4 million jobs were furloughed as at 31 December 2020 with provisional figures showing that this figure increased again following the January lockdown announcement. With so many employees currently on furlough, the question is whether we will see further redundancies when the scheme ends.

As the furlough scheme has now been extended until 30 September 2021, with all restrictions currently set to end on 21 June, we think it is unlikely that there will be a surge of redundancies when the furlough scheme ends.

However, throughout the last year, we have seen a large number of employers restructure or reorganise their businesses to ensure their ongoing viability in these uncertain economic times and we expect this trend throughout the remainder of this year. When efficiencies are made and overheads are reduced as part of any restructure or reorganisation, redundancies usually follow. We therefore anticipate that despite the furlough scheme being in place until the end of September, we will see further redundancies taking place between now and the end of the year, as employers reshape their organisations for the future.



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“We have furloughed some members of front of house staff and have topped up salary to 100%. This is becoming more of a challenge to sustain the longer lockdown goes on, and this year will be a challenge financially.”

Director, Small business

10 top tips for managing a redundancy process

We have included our top tips below for any employers contemplating redundancies:

1

Compile a robust business case

Before contemplating redundancies, consider alternatives such as pay cuts. Prepare a business case which clearly sets out the rationale for the proposed redundancies/restructures.

2

Consider whether collective consultation may be necessary

Remember that if 20 or more redundancies are proposed during a 90-day period in one establishment, there is an obligation to collectively consult. Don't forget to consider other redundancies that have already taken place or which may be due to take place within the organisation as a whole.

3

Follow your own policies and procedures as well as the ACAS guidance on redundancies

Failing to follow the correct procedure could result in a finding of unfair dismissal on procedural grounds.

4

Communication is key

Keep employees informed at each step of the process.

5

Consider additional support for employees

Redundancy is always a very stressful time for employees, so offer any additional support you can during the process. For a larger scale redundancy exercise, consider producing a "Question and Answer" sheet so that the most frequent questions are addressed early on.

6

Identify the selection pool.

Give careful consideration to the selection pools and don't assume employees with different roles should always be in different pools. Similar roles and interchangeable skills should also be considered.

7

Get the selection criteria right

Try to ensure that these are objective wherever possible and can be measurable against evidence, for example, HR records and appraisals. Subjective criteria are more open to challenge as it can be hard to justify the scores.

8

Don't forget absent employees

Remember that employees on long-term sick or on family leave must be kept informed in the same way as other employees and included in the redundancy process.

9

Meaningful consultation

This is fundamental to a fair dismissal. Employees need to know they are being heard and that their suggestions are being taken on board. Trying to rush through the process or keep to a strict timetable can undermine the process and so the timings should be kept flexible.

10

Search for suitable alternative employment

Consider what suitable alternative employment is available within the organisation (or wider group if there is one) and offer it to potentially redundant employees. Do not assume just because a role is slightly different or at a lower pay grade the employee would not be interested.



Have loyalties shifted?

Despite 73% of employees stating that they felt their employer had handled matters well during the pandemic, only 23% reported that their loyalty to their employer had increased. 52% of employees reported that the way in which their employer had handled matters during the pandemic had had no impact on their loyalty.

So why is it that most employees are rating their employers as doing a “good job” but less than a quarter feel more loyal?

Claire Pointing explains that: *“Expectations of leaders are high but leaders who meet these expectations are simply seen as doing no more than they should be doing. In some ways the COVID pandemic seems to have created an alternative reality which has decoupled leadership behaviour and loyalty – employees can contain their own anxiety around physical and financial safety by expecting their leaders to protect them. This heightened expectation placed on leaders means that even when they have done a great job there is no ‘gratitude uptick’ – frankly it is no more than what they are there to do.”*

Ian Muir agrees, stating that although 73% of employees felt their employer had handled matters well, he expected them to add: *“and that is exactly what we would expect them to do.”*

With leaders being put on a pedestal and seen as protectors by employees in these unusual times, it appears that employees just expect their leaders to do what they need to do to navigate the unexpected issues that their organisation is faced with and resolve them.

“

Employee wellbeing is incredibly important to me and the company. We have provided advice to employees on topics such as how to work from home, how to structure your day and incorporate exercise and held internal talks/panel discussions working with the phenomenal range of speakers we have access to on topics such as “how to be an effective remote team player.” We run quarterly wellbeing pulse surveys asking 10 questions mostly around how staff are feeling during the pandemic and how they feel about working for Bonhill. We have also asked for volunteers to become qualified mental health first aiders and have been overwhelmed by the response. We have introduced “self-focus Fridays” – a day to limit collaboration, have space to think and support work-life balance and also put on virtual Wellness Week offering online workshops and fitness classes. Since the start of lockdown 3.0, we became even more mindful of how this would make people feel at this particular time of year and the need to keep our people engaged and so our CEO has committed to speaking/checking in with each employee by the end of February – 130 in total.”

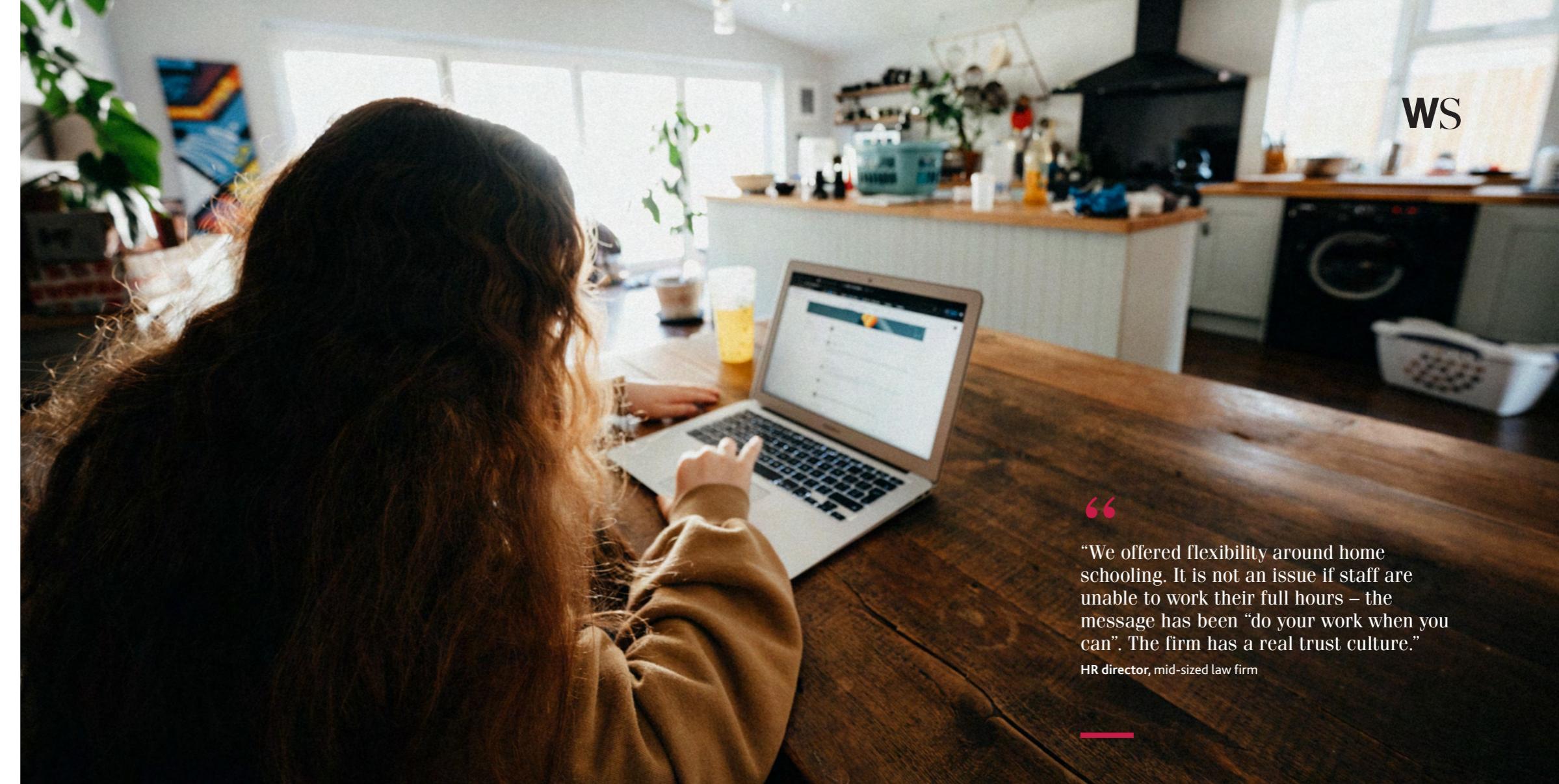
Suzanne Tomlinson, Bonhill Group

But what is the impact on leaders when taking on a protector role?

If leaders are being looked to for all the answers by their team in an immensely pressured environment where their organisation is suffering the strain of the pandemic, it is no doubt going to take its toll. Bupa Global's Executive Wellbeing Index⁴, which was launched in September 2020, looked at the impact of the pandemic on global business leaders and found that 8 in 10 of UK business leaders have experienced symptoms such as fatigue, lack of motivation, mood swings and disturbed sleep, with triggers including concerns about their business, economic recession and protecting the health of loved ones. Worryingly, the report also found that 38% are using alcohol or other substances to help them cope with poor mental health during the pandemic. Our own research found that only 18% of organisations had ensured leaders had the right skills to lead through the pandemic, for example, through training and coaching.

In our view, organisations need to look after their leaders too and offer support, for example, coaching, mentoring and resilience training. Natasha Wallace, Founder and Chief Coach, Conscious Works, comments that: *"Leaders need to put their wellbeing front and centre. It's about role-modelling and it's about leaders sustaining their own energy so that they are best placed to support others. Leaders need to prioritise their own health and they must be willing to ask for help. It means being honest with themselves about how they are feeling and doing something about it if they don't feel at their best. Often leaders feel like they are carrying all of the burden and that they have to travel at 100 miles an hour to get things done. It's just not the case and there is a lot that leaders can do to help themselves which in turn will help their team. Becoming more conscious and recognising that leaders are not superhuman are important starting points."*

Peer-support systems could be an effective way of leaders being able to reach out to fellow peers to share experiences. Janet Larsen points to the Minds at Work Movement which is implementing HIVE, a virtual peer support programme for C-Suite executives, which will do just that and aims to bring about meaningful changes to improving executives' wellbeing at home and at work.



Has the way in which your employer dealt with workforce matters during the COVID-19 pandemic impacted on your loyalty to your employer?



Matt Phelan, Co-Founder and Head of Happiness at The Happiness Index explains that *"The Happiness Index has removed the management umbrella from its leaders to counteract the concept that leaders are seen as "protectors" for their team. The idea is that all employees should be treated as adults and leaders should feel able to share any issues with their team in order that there is transparency, an increased level of*

trust and issues can potentially be fixed as a team." Matt emphasises that it is about *"sharing not scaring"* and their leaders have undertaken training based on neuroscience in how to share information with their teams in an appropriate way.

These results seem to reflect short-term views of employees, but what is the long-term view?

At present, employees are focussing on their needs for safety and security, but we consider this is just for the short-term. As the economy and job market improves, employees will start to consider whether they should move roles. As time passes and employees are no longer in a survival mindset, we expect that factors such as autonomy (i.e. flexibility in working arrangements and having more control over work), relatedness (i.e. communication and engagement, and making connections within the organisation) and purpose (i.e. the values of an organisation that an employee can feel proud of) will become more important to employees again in fostering loyalty towards their employer.

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"We offered flexibility around home schooling. It is not an issue if staff are unable to work their full hours – the message has been "do your work when you can". The firm has a real trust culture."

HR director, mid-sized law firm

Loyalty takes time to build, so it is important that leaders take the time now to try and build that loyalty, particularly for new joiners to the organisation during the pandemic. Creating a culture of trust and connectivity is key.

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"We have empowered staff to decide how, when and where they want to work – and productivity has never been higher. We have equipped line managers to support their staff – through focusing on well-being, mental health and performance in that order. We have done this through development and coaching, and setting up a hit team who observed managers doing their day jobs and giving feedback in real time. As a result, 98% of staff have said that they trust their line manager."

Jordan Barry, MIB

⁴ Bupa Global's Executive Wellbeing Index; September 2020; <https://www.bupaglobal.com/en/your-wellbeing/inside-bupa/wellbeing-index/self-medication>

Looking forward – attracting and retaining staff

In the research we conducted last year into flexible working⁵, we found that when looking for a new role, the priorities of candidates were no longer always salary and benefits, as historically was the case, and the focus of many in the younger generation had shifted to the flexible working arrangements offered by the employer. The pandemic has accelerated this shift further and our survey showed that in virtually all age groups, flexibility is now a more important factor when looking for a new job, than pay. In fact, 40% of employees surveyed said that flexibility was important for them when moving roles, compared to 32% who cited salary.

The pandemic has also created another shift in focus, towards job security. Job security is now the number one priority for employees when considering whether to remain at their current employer or move roles.

Claire Pointing explains that *“for many employees “surviving” the impact of COVID has shifted their focus (in the short term at least) to prioritising aspects of their job that make them feel more secure and build a sense of safety and certainty.”*

It is therefore perhaps not surprising that the top three priorities are presently job security (51%), flexibility (40%) followed by salary (32%) which Claire Pointing describes as the short-term “need to have” elements of jobs.

Other factors relating to meaning, purpose and values were regarded as less important to the employees surveyed, with 23% of employees citing interesting work as important to them when moving jobs, 21% citing reputation of the new employer and 15% citing the value/purpose of

the company. These factors are usually critical to employee engagement and talent retention in more normal times, but fall outside the “need to have” elements which Claire Pointing attributes to the survival mindset.

For the younger generation particularly, being engaged in purpose driven work appears to be a priority. This was reflected in our survey in which it was the younger generation who felt most strongly about having interesting work (35% of under 35s said this was important compared to 13% of over 55s), and the values/purpose of the company (23% of under 35s said this was important compared to 7% of over 55s).

Overall we did not find significant differences in the views of woman and men with the exception of flexible working, where 49% of women cited it as a priority compared with only 33% of men. This will not come as a surprise in view of current societal norms where women undertake a greater proportion of the childcare responsibilities than men.

So what does this mean for employers when thinking about how best to recruit and retain talent?

Job security will likely remain a key priority for employees for some time, given that economic recovery won’t be instant after the restrictions are lifted. Whilst there will always be a market for zero-hours contracts and casual work, we expect that employees craving stability are going to be looking for permanent rather than temporary contracts wherever possible. Employers should also consider

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“In terms of returning to the office we intend to use this time to either completely refurbish our existing building or move to new premises. We want to give our employees something to look forward to, and following our Return To The Office Survey, we will be focusing on the things that matter and make our people feel safe - things like on-site testing kits and a temperature gun on reception”.

Jordan Barry, MIB



how they may provide reassurance and stability from an early stage, for example, by offering roles with no or short probationary periods, and sign on or guaranteed bonuses, to attract key talent.

Flexible working arrangements are also now key. A year on from the first lockdown, flexible working has become the new normal and we believe this will create an expectation from employees that they can work flexibly even after the pandemic ends. Employers will therefore need to be on board with this if they want to recruit and retain the best talent and from our research it appears that a large proportion are already. Many of the employers we spoke to have really embraced flexible working and are planning to continue to offer flexible working on a large scale going forward.

With many organisations planning on having remote working arrangements in the long-term, they are also considering their office space requirements and what the purpose of their office is. Organisations need to look at having spaces which are more about creativity, collaboration and conversation. This will encourage employees to want to attend the office and be a real draw for employees in choosing who to work for.

Although not evidenced in our results as critical now, when employees move out of the "survival mindset", we believe their focus is likely to shift away from security and more to where they are working and what they are doing, namely, the values, purpose, culture and reputation of the organisation. It is these elements that should therefore be at the forefront of employers' minds when thinking about recruiting and retaining talent in the long-term. We also know

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“We asked staff in a survey whether they would like to see greater flexibility of start / finish times – 76% said yes (and that is beyond the present situation where staff already have the flexibility to start between 08:00 and 09:30 hours, and finish between 16:30 and 18:00 hours).”

Ian Hurlstone, Novium Limited, Architects

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“We are considering our long term working from home policy. Our office lease comes up for renewal in December so we are considering whether to downsize and whether we could use a business centre.”

Managing Director, Insurance Brokers

that those who are given more autonomy about their work are more satisfied in their role than those who are told what to do.

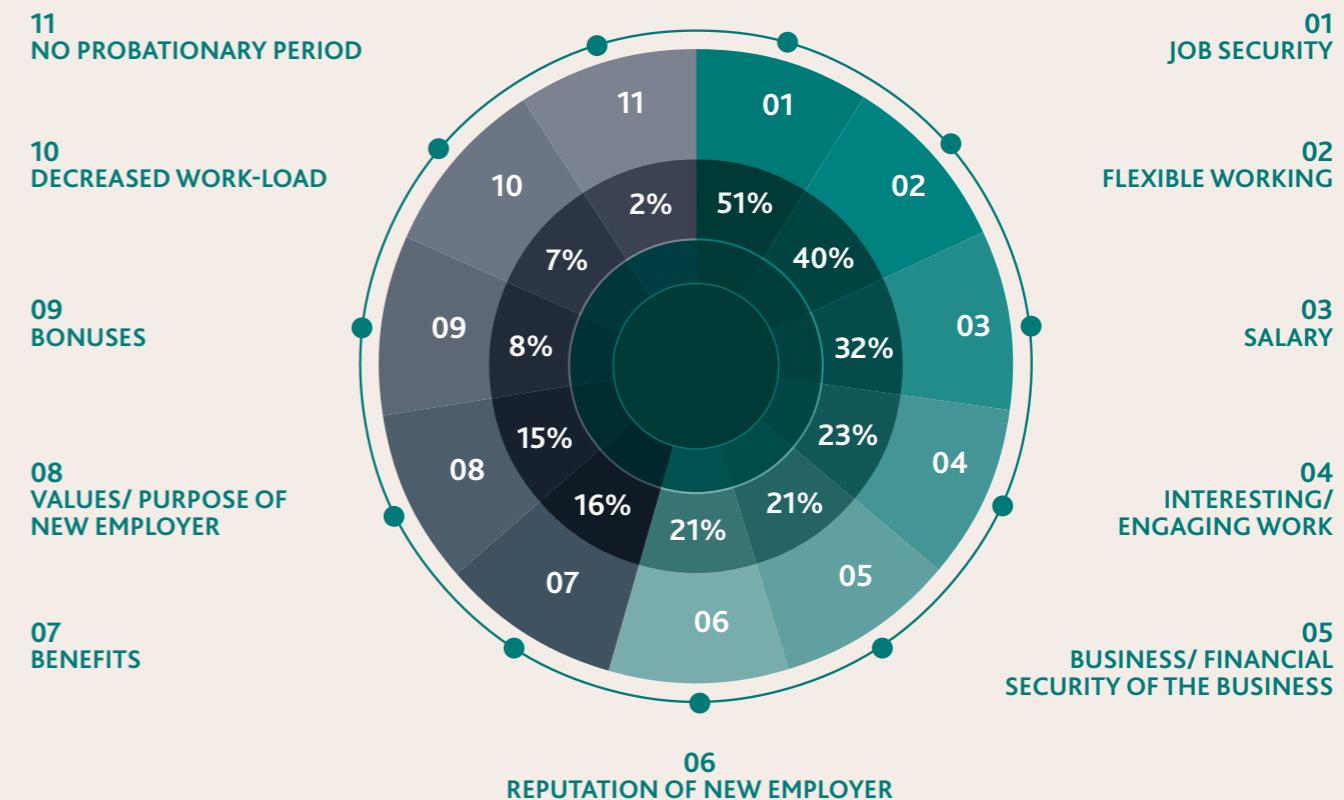
At our workforce conference in November 2020, Julia Hayhoe, Managing Director of Hayhoe Consulting, spoke about the importance of vision and strategy of an organisation and knowing what they are trying to achieve. *“There has been a shift from shareholder primacy to stakeholder capitalism where lawful and ethical conduct, long-term value creation and recognition of the breadth of all material stakeholders is paramount. Today, businesses need to carefully rethink their environmental, social and governance value proposition in order to thrive in the long term and nurture their license to operate”.*

John Readman, founder of Modo25, an AdTech software developer and digital marketing inhousing agency, spoke to us about the benefits of a business having a defined purpose or values. Modo25 has a charitable purpose and vision which has enabled him to attract employees with a shared passion for wanting to improve peoples' lives. Their strong purpose had also given them an advantage over their competitors in commercial pitches.

Matt Phelan explained that their central value is "freedom to be human" which means it is not appropriate for them as a company to have blanket policies which apply to everyone, for example, no meetings between 11am and 2pm or a four day week, and they take a more personalised approach.

Some employers, such as The Happiness Index are taking their values and purpose to a new level and becoming certified "B corps". This means that they meet the highest standards of verified social and

As a result of the COVID-19 pandemic which, if any, of the following factors have become more important to you when considering whether to remain at your current employer or move roles?



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“Prior to the pandemic we didn't embrace flexible working, so this has been the biggest shift. We are working to formalise a long term working from home policy, as we anticipate this to become a permanent shift for some employees. Our office space in the future is likely to change and be more collaborative. We have just sent out a survey to ask our employees for their input on the future of work.”

Natalie Charalambous and Louise Brunhoj, IHS Markit

⁵ Winckworth Sherwood Shifting attitudes to flexible working and childcare report; 22nd February 2020; <https://wslaw.co.uk/publication/shifting-attitudes-to-flexible-working-and-childcare-for-working-parents>

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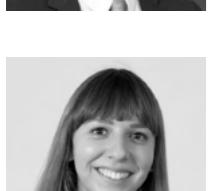
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Acknowledgements

We are very grateful to all those that have contributed to our research. Both the experts who have shed some light on our YouGov survey data and the organisations who have taken the time to talk us through how they have navigated the challenges brought about by the pandemic. Their insight has been invaluable.

Claire Pointing

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Claire Pointing is an experienced executive coach and organisational consultant who draws on over twenty-five years of experience working in senior leadership roles as a lawyer, strategy consultant, a telecoms and media regulator and a founder and senior NED of a leading data analytics company in the UK. In the last 10 years she has focused her activities in the organisational development arena as a coach and consultant with a primary focus on professional service firms and the financial services sector.

Ian Muir

DIRECTOR AT KEELDEEP ASSOCIATES



Ian is a senior business adviser. He works with leadership teams and individuals to improve organisational performance.

After more than 30 years in corporate life working across the world, he now has a portfolio career with three strands: Non-executive, independent consulting and working with business schools.



‘Winckworth Sherwood are exceptional. They provide clear, easy to understand legal advice with pros and cons of different approaches. Most importantly however, the team really treats you as individuals and human beings – showing empathy and understanding during difficult times.’

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