Change is Inevitable: Navigating Today's Hybrid Work Environment

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HR LEADERS
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February 8-10, 2022

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AGENDA

The ~~Changing~~ Changed Paradigm

Organizational Remote Work Strategy

The Hybrid Work Models

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1) Prior to the onset of the pandemic did your organization allow permanent remote work?

2) Does your organization allow for permanent remote work today?

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The Changed Paradigm

Pre-2020

Past
- Most work done in the office – 9-5
- Evenings and weekends free

Technology Advances
- VPN
- Hosted Applications
- Cloud-based computing
- Webmail
- Audio/Videoconferencing

Desire for Work-Life Balance/Integration
- Increase in dual earner households
- Population growth – increased commuting times
- Millennial priority when choosing jobs

Cost Savings
- Real estate costs
- Electricity
- Supplies

2020: The Pandemic

Shared Services/"Overhead" Departments Save the Day

<u>IT in overdrive</u>
- Equipment
- Collaboration software

<u>HR flexing their creative muscles</u>
- Recruiting
- Onboarding
- Layoffs

Mandatory Remote Work

Cultural Shift   Relaxed meeting norms

Poll Results

- 60% of workers that worked from home during the pandemic wanted to continue[1]

- Deloitte poll in June 2020 found that 40% of businesses were evaluating strategies and roles for determining which jobs/teams could work remotely on a permanent basis[2]

- A majority of that 40% said the reasons were not due to COVID but instead due to attracting talent and improving productivity

[1] Megan Brenan, "U.S. Workers Discovering Affinity for Remote Work," Gallup, April 3, 2020

[2] Deloitte Tax LLP, "The now and next of workforce strategies," June 18,2020

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2021/22: Beyond the Pandemic

Updated Poll Results (KPMG 2021 Outlook Pulse Survey - March 2021)[1]

- Less than a third of CEOs expect majority of employees to work remotely 2-3 days per week.
- Only 17% of chief executives plan to reduce office space (compared with 69% of those surveyed in August 2020).
- Just 21% were looking to hire talent to work predominantly remotely (down from 73% in a 2020 survey).

Growing Trend – the Hybrid Model

- Many companies announced their plans to resize or recalibrate office space to accommodate a more hybrid style of working.
- Around 30% were committed to implementing the growing hybrid trend.

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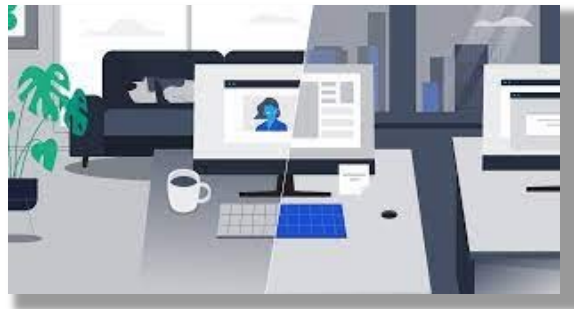
Organizational Remote Work Strategy

Employees expect more

- BlackRock CEO Larry Fink wrote in his annual letter to CEOs about the record number of employees quitting

- Fink said that workers seeking new opportunities is a good thing and that companies have to adapt

- Companies that don't adjust to the "new reality" will "do so at their own peril"

- In November, a record 4.5 million workers quit. That capped off eight months of workers quitting at near-record highs

- Anthony Klotz, the organizational psychologist who coined the phrase "Great Resignation," noted that the pandemic prompted an existential crisis for American workers.

- Indeed said that in a recent survey of workers who had voluntarily quit during the pandemic, 92% of respondents indicated the pandemic had "made them feel life is too short to stay in a job they weren't passionate about."

- A study by Owl Labs found that after COVID-19 92% of people surveyed expect to work from home at least 1 day per week and 80% expected to work at least 3 days from home per week[1]

1 Owl Labs State of Remote Work

Remote work (also known as work from home [WFH] or telecommuting) is a type of flexible working arrangement that allows an employee to work from remote locations outside of corporate offices. Potential benefits for the company include increased employee satisfaction and retention, increased productivity and cost savings on physical resources.

Survival

- The pandemic forced organizations to rapidly assess short term remote work plans to continue doing business

- Not many were prepared for large quantities of remote workers

- Response was more about survival than long term planning

- Companies with short term plans expecting/hoping for the pandemic to end often did not create significant long-term plans

- The recent resurgence of the pandemic gives organizations another opportunity to assess the present and future strategy for remote work

Has there been in-depth discussions about remote work amongst the leadership of your organization?

Factors in Assessing the Organizational Appetite for Remote Work

- HR Professionals are the most significantly impacted portion of the workforce as a result of the increase in remote workers due to concerns in numerous areas of the business

- Only solution: BE PROACTIVE, BE PROACTIVE, BE PROACTIVE

- Assess:
  1. Short/Long Term Remote Workforce Goals
  2. Technology
  3. Training Needs
  4. Cultural Impact
  5. Compliance Concerns

Options

- Options for the workforce:
  1. Everyone back in the office
  2. Hybrid model with some remote work
     - Remote departments/positions
     - Specific days
  3. Fully remote workforce

- Must get clear executive buy-in on the strategy

- Early executive buy-in not intended to be a full report/project plan but provides the basis for its creation

- Once short/long-term strategy is known, full project plan can be initiated, created and presented for a final decision

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Technology Needs

- Communication, performance/project management, time-tracking technologies and cybersecurity software are all necessary components of remote work

- Communication tools such as video (Zoom, Teams, etc.) and chat (Jabber) allow a team to efficiently work together or with clients without the need to be in the office

- Project management tools (Basecamp) help teams communicate while working more effectively on their own time, and help managers handle project prioritization and documentation

- Time-tracking tools (Kronos, TCP) allow companies to understand how much time various projects take, determine profitability, and pay employees and invoice clients accurately

Key Tech Tools

- Advanced cybersecurity and secure data access software (VPN, Cloud services, etc.) gives employers greater assurance that sensitive information won't leave the company without a data trail to track it, and allows management to turn secure access on and off from a dashboard

- Cisco study found that 85% of respondents found cybersecurity more important now than pre-pandemic

- Continuous performance management tools have become a necessity in the remote environment

- Adaptive analytics provide agile, real-time data that can help HR and management assess an array of factors that affect performance, including worker reliability in a remote setting

- Advanced analytics technology adapts to the way employees work each day and can even use employee onboarding information to personalize training and suggest career paths; it is the AI equivalent in performance management

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Training Focus

- In-person training is severely diminished

- Two areas to focus on:
  - Supervisor training
  - Ongoing training and development of remote employees

- The challenges of remote training:
  - Lack of attention due to no face-to-face supervision

  - Technical challenges (unstable internet or VPN and software issues)

  - Distractions in the home

  - Feelings of social isolation or lack of camaraderie

  - Problems with training notification or training access

Types of Learning

- Method of learning
    - Synchronous v. Asynchronous v. Blended learning
    - The blended learning method is a mixture of both, to create a custom solution.

Source: College of the Rockies

Training Needs

- Provide various communication/training methods
  - Technology options to communicate with employees
  - Learning management system; learning experience platform; video conferencing; project management software

- Identify Skills Gaps/Upskilling/Reskilling
  - Are certain employees taking longer to complete tasks?
  - Benchmark top performers as a baseline
  - Seek feedback from employees on skills to improve
  - Conduct employee assessments, quizzes and polls to assess gaps

- Upskilling/Reskilling
  - The recent World Economic Forum Future of Jobs Report 2020 found that 54% of employees will require reskilling by 2022
  - According to McKinsey & Company, these skills include expanded abilities in a digital environment, preparation for redesign and innovation, strengthening emotional and social skills to collaborate, and building adaptability and resilience skills to thrive during evolving business needs

Training Needs

- Be properly prepared for training

  - Set short-term goals and create a plan

  - Consistent schedule

  - Prepare quality materials

  - Understand the tech being used with IT access if something goes wrong

- Record and recognize results

  - Document for effectiveness and to shape future trainings

  - Ask for feedback

  - Provide certificates or prizes for motivation; create leaderboards or milestones

  - Track the results

- Train everyone regarding compliance in a remote environment

Importance of Culture

- Remote work by its very nature is less social and inclusive

- Employees still need to feel connected and protected and that the team is working together, staying productive and that their opinions matter

- A survey by TELUS International found that 51% of respondents felt less connected to their company culture while working remotely

- The areas employees missed about not working in-person are:
  - Small talk and interacting with colleagues (57%)
  - Collaborating in person with a team (53%)
  - The separation between work and home (50%)

- In a recent Hinge Research Institute study, 57% of job seekers consider culture as important as pay

Best Practices

- Reinforce and focus on the culture you want to develop

- Trust your employees
  - Don't overmanage; use tech tools to allow for collaboration

- Train managers to provide proper coaching, training and support

- Maintain transparent communication

- Enhance employee work-life balance and flexibility

- Address employee mental health issues

- Provide opportunities for remote social interaction (pizza parties, happy hours, care packages, personal catch-ups)

- Completely different engagement model when working remotely

- Two key areas to assess:
  - General practical and compliance issues regardless of location
  - Specific needs related to company presence in more states

- Workers Compensation example

- General practical considerations are obvious: workplace injuries can extend to the home office (or anywhere remote work is done)

- Specific considerations: state/local rules; insurance; costs; retaliation concerns, different injury standards, etc.

Wage and Hour – Overtime

- Employers should state in a remote work policy that non-exempt employees: (1) maintain and submit an accurate record of all hours worked; (2) not engage in "off-the-clock" work; (3) obtain written supervisor approval before OT; (4) affirm that submitted time records are accurate and reflect all hours worked; and (5) not engage in non-company work during the employee's agreed upon "working hours"

- Some options for recording include electronic timesheets, documenting hours via personal or group spreadsheet or asking employees to email managers when they clock in or clock out

- Meal and rest break laws apply equally to remote work arrangements

- Keep in mind that some states have specific overtime provisions that are applicable only in their state which employers need to recognize (i.e. Colorado requires daily overtime so if a worker relocates to CO for remote work the employer must know to apply that rule)

- Remote work may require a reallocation of job duties; verify that historically exempt employees are not now performing more non-exempt duties affecting their status

Wage and Hour – Minimum Wage

- The law of the state in which the worker resides generally determines minimum wage for that employee

- Some states are at $15/hour, whereas others mirror the federal minimum wage of $7.25/hour

- If the Biden Administration creates a federal floor of $15/hour it will simplify this issue dramatically for employers

- If out-of-state employees and in-state employees perform the same job but minimum wages are different in the two states, you may consider creating uniformity

- If employee is required to purchase equipment/furniture in order to work remotely avoid deductions from an employee's pay as it may bring their wages below minimum wage and result in an FLSA violation

Wage and Hour – Independent Contractor Classification

- Classifying an individual as an independent contractor rather than an employee can reduce payroll taxes and other labor costs

- Employees having more autonomy by working remotely should not mislead employers into thinking they are now more likely to be considered ICs

- Lack of control over a worker's daily activities is only one factor amongst many that could decide a worker's classification

- Consider also that some states will have different standards for ICs than others (i.e. The IC law in CA is extremely onerous for employers to prove a worker is an IC rather than an employee)

- An employee that may qualify as an IC in one state may not in another

- The Biden Administration will likely enforce proper classification aggressively at the federal level, possibly modeling their approach after CA

Discrimination – Title VII, ADA, EPA and ADEA

- **Everyone should be treated consistently**

- Remote employees who perform the same tasks as on-site employees are likely entitled to the same terms and conditions of employment

- This could include training (NY/CA harassment), mentoring and advancement; failure to provide these opportunities could lead to claims of discriminatory treatment

- Employers who allow some, but not all employees to work from home also need to be cognizant of potential claims

- Employers should analyze who can work from home on a departmental or position basis rather than on an individual employee basis

- Equal pay laws generally require that employees who perform the same work be paid the same and this is a hot button area for the Biden Administration

- Employees with disabilities are still able to receive accommodations under the ADA for their home work environment

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Discrimination – FMLA Leave

- Remote employees are also entitled to FMLA leave

- FMLA regulations state that an eligible employee must be "employed at a worksite where 50 or more employees are employed by the employer within 75 miles of that worksite"

- According to the regulations an employee's personal residence is not a worksite

- An employee's worksite "is the office to which the employee reports and from which assignments are made"

- Example: Employee works from home in MA but receives all of their their assignments from her supervisor in NY where the company employs 50+ employees

- Employee is likely eligible for FMLA

Discrimination – Hiring

- Employers should implement an online application portal and a secure videoconferencing platform for interviews

- Some employers have expressed an interest in recording interviews to show other interested stakeholders; applicant permission is required in two party states

- Be cautious about not hiring someone who refuses to work onsite even though there is no requirement to accommodate a general fear of COVID

- If an applicant requests a medical-related accommodation or discloses an underlying health condition that may place him/her at higher risk the employer should be prepared to engage in the interactive process under the ADA

- Employers may not unilaterally postpone a start date or withdraw a job offer because the applicant is part of a high risk or vulnerable population (as defined by the CDC)

- Employers should not ask applicants if they are part of a high risk or vulnerable population

Discrimination – Firing

- Employers should consider offering severance or providing job placement services as well as telling employees you will efficiently help them secure unemployment

- Perform terminations via secure video rather than telephone if possible; consider mailing employees their office belongings rather than meeting in person

- Collect any company-owned equipment and terminate access to company servers and email; consider paying for shipping or providing a courier service

- Some jurisdictions require employers to provide information regarding unemployment compensation immediately upon termination; be prepared for this

- Understand final paycheck rules

Workers Compensation – Application to Home Environment

- Workers' compensation laws apply to workplace injuries that occur while an employee is working remotely

- When the remote work environment is voluntary (not mandated by order during a pandemic) employers may consider reserving the right to inspect an employee's home work space

- Best practice for an employer is to create a checklist to provide to remote employees for maintaining a safe workspace in their home as well as including the same information in the employer's remote work policy

- Employers should ask employees to certify, in writing, that their home office complies with the safety requirements set forth in the checklist

- Employers should communicate with their workers' compensation, EPLI and general liability carriers about any potential issues arising from employees working remotely including whether each employee's work location must be disclosed

Workers' Compensation – Policy

- The employer's remote work policy should include the following regarding WC:

    1) Guidelines for a home office, such as a designated work area, and training related to workstation setup and safety including ergonomics

    2) Require employer approval of the employee's workstation once it's set up

    3) Set fixed work hours and meal and rest periods for remote workers, which can help establish whether an injury was "in the course of" employment

    4) Disclaim liability for any injury or damage to the employee's family members, home or third parties who may visit the employee's worksite

Tax/Payroll – Withholdings for State Income Tax, Disability and Paid Family Leave/Sick Leave

- The general rule for withholding state income tax (the "physical presence rule") is for employers to withhold according to the location where the work was performed

- In some states, however, remote employees can be liable for income tax in both the state they reside as well as the state in which the employer operates (e.g. if an employee works in NY they have to pay NY income tax and also may have to pay income tax in the state in which they reside)

- Employees can also be liable for income tax in two states if their home office and work office are in two different states

- CA, HI, NJ, NY and RI all have state-mandated disability insurance requirements

- Paid family leave and sick leave statutes are also on the rise nationwide and require proper deductions to be taken from employees; must determine if the nexus is tied to the location where the employee works, where the employee resides or where the home office is located

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Tax/Payroll – Licensing/Registration Concerns

- Many municipalities require that home-based workers obtain a home occupation permit

- Some have been suspended for COVID but you should verify what the standards will be after the pandemic subsides

- If a remote worker relocates to a state in which the employer wasn't previously doing business the new state may require the employer to register to do business in that state and/or retain a registered agent for service in the state; assessment of whether a "tax nexus" exists

- Remote employees that maintain professional licenses in one state but relocate to another state may have difficulty practicing their profession in the new state (i.e. lawyers)

- The employee also may be subject to different requirements and ethical obligations

Miscellaneous

- Non-Compete Agreements

- Training & Posted Notices

- Venue

- Travel time

- Benefits/Health Insurance

- Expense and Equipment Reimbursements

The Hybrid Work Models

Have you implemented a hybrid work model within your organization?

Remote v. Hybrid

- Remote work is working via remote access from anywhere
- Hybrid model is a subcategory of remote work
- It consists of teams who work in mixed environments
- Part of the week will be remote and part of the week will be in the office

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Hybrid Work Models

- There are three different types of hybrid work models

  1. **Work Environment**
     - Remote-first/At-will
     - Office-first
  2. **Scheduling**
     - Split-week model
     - Week-by-week model
  3. **Division of Employees**
     - Remote team v. on-site team

- Which is right for your organization?

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Remote-first/At-will Model

- Allows employees to prioritize working remotely but employees can still perform on-site work
- Physical co-working spaces and offices will remain available to employees

Pros	Cons
Improves efficiency; employees can choose the office or home depending on how they work better	Can be unpredictable due to not knowing when employees may show up to the office
Streamlines meetings – beneficial to have an office if client meetings are the norm	Can lead to overcrowding/social distancing concerns if they all choose to go to the office
Provides convenient spaces for collaboration and meetups	Underutilized office spaces if nobody shows up
Instills trust in employees – you are trusting them to be productive	

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Office-First Model

- Allow employees to choose to work in the office or remotely
- Prioritizes employees working in the office
- Works best for organizations whose productivity is based on collaboration

Pros	Cons
Encourages teamwork and collaboration while still allowing some flexibility	Not applicable to a dispersed set of employees because can't all get to the office; multistate
Doesn't require many new adjustments because predictable in-person management still exists	Not practical for companies mostly needing individual outputs because collaboration isn't important
Allows some flexibility to still work from home	Can reduce productivity for employees that live far from the office; traffic

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Split-Week Model

- Assigning mandated days specifically for on-site work and remote work
- One department works at the office for the first part of the week and other teams can report to the office the remainder of the week

Pros	Cons
Allows efficient face-to-face meetings because teams must be in person together some of the week	Increases operational costs because there are remote and in-office expenses because everyone does both
Avoids overcrowding; different teams on different days	Lacks inter-team interactions due to different days in the office
Maintains team dynamics	
Gives room for experimentation; 4 day workweek (Unilever, Microsoft)	

Week-By-Week Model

- Assigning work weeks when specific departments/teams are mandated to be physically present at the office

- One department/team must work at the office for the entire week and other departments/teams must report to the office a different week

- Could even have groups within the same department/team working week in/week out

Pros	Cons
Good for large companies; can cut down on office space and overhead	Not useful for unprecedented events or meetings
	Reduces overall perception of flexibility

Remote Team v. On-Site Team Model

- Assigning specific teams to work permanently from home and other teams to work permanently from the office (i.e. power plants need on-site safety checkers)

- Specific team members within the same team can work fully at the office one week and other team members for the next week

- One entire department works at the office for one week and other departments can report to the office the next week

Pros	Cons
Improves efficiency because people are placed where they should be	Can create a disconnect between on-site and remote workers; find ways to engage workers as a team
Applicable even for industries with labor-reliant output	Can create a feeling of unfairness for workers in the office and can create jealousy that on-site workers have more connection to company leadership
Reduces operational costs including office space	Increases reliance on digital communications and technologies

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MetLife's 19th Annual U.S. Employee Benefit Trends Study 2021

Redesigning the Employee Experience: Preparing the Workforce for a Transformed World

Vince Branchesi, Director
Group Benefits Center of Excellence

MetLife

It's time to rethink the workforce, the workplace, and work itself.

The "Great Resignation"

Employees who voluntarily resigned

November 2021[1]

4.5 million

December 2021[1]

4.3 million

Employees are concerned about their safety and protection

Employees who agree that employers should play a greater role in their safety and protection

51%

Safety and protection of themselves and family is more important than ever before

72%

Factors affecting the workplace of the future

Employee well-being is predicted to have the greatest impact on the workplace of the future

74%

The ability for employees to work remotely

71%

Employee mental health, stress, burnout

70%

MetLife

Return-to-Office Plans May Cause Employer-Employee Tensions

76% Of employees are interested in alternative work arrangements like remote or more flex schedules
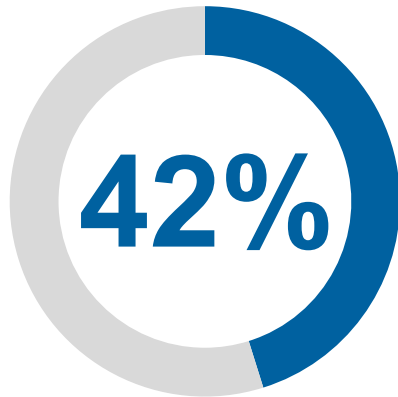
but

90% Of employers who have changed working arrangements say they expect to return to pre-pandemic working arrangements once they can
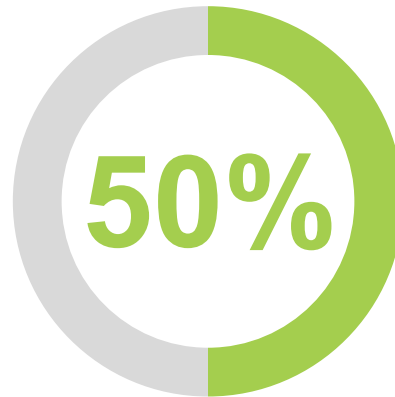

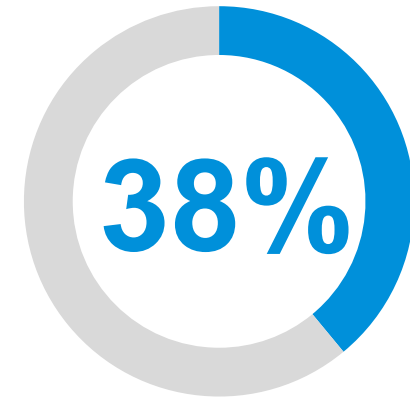MetLife

Help employees manage work and life:

A New Era of Management Training

42%
of employees agree that the role of their manager has evolved significantly since the pandemic began

50%
of employees who have concerns about returning to work

38%
of managers say there are divisions between remote and onsite workers

Empowering Managers to Succeed

Organizations need to recognize the areas in which managers struggle the most.

Top 3 Challenges:[1]

1. Identifying and supporting direct reports' mental health

2. Managing employees from diverse backgrounds

3. Meeting the flexibility needs of teams

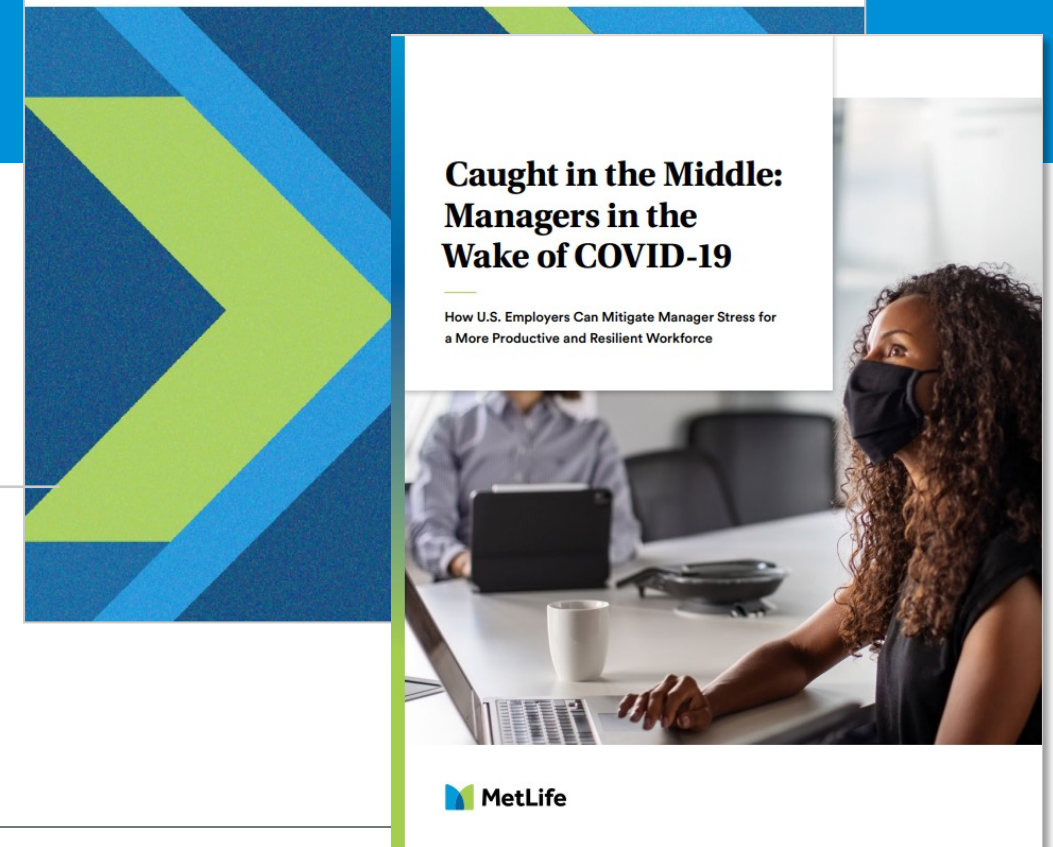1. MetLife Employee Benefit Trends Study 2021

2021 MetLife's Annual Employee Benefit Trends Study Series

Position MetLife as a thought leader and trusted partner, helping brokers and clients **navigate the challenges** they have been and will continue to face emerging from the pandemic:

Uncovering meaningful insights on employee stress and well-being that help employers not only better understand the impact of COVID-19 on their workforces but also help them redesign their employee experience

Providing actionable guidance that helps improve employee well-being, build resilience and maintain employee productivity and engagement

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Redesigning the Employee Experience: Preparing the Workforce For a Transformed World

MetLife's 19th Annual U.S. Employee Benefit Trends Study 2021

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Caught in the Middle: Managers in the Wake of COVID-19

How U.S. Employers Can Mitigate Manager Stress for a More Productive and Resilient Workforce

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Thank you

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