FUTURE CHEMISTRY:
Getting the elements right for the workforce of tomorrow

For us employment law is elementary. *It’s our chemistry with clients that defines us.*

#futurechemistry
Executive Summary

To be truly diverse and dynamic, a workplace should be a microcosm of society. But how can the Boards of successful businesses navigate the challenges such an ambition inevitably generates while maintaining profitability?

Making sure they are ready to attract, engage and retain a future-ready workforce is one of the biggest hurdles for business to overcome in this century.

To probe these seemingly intractable issues, we gathered senior business leaders for a series of three debates in Aberdeen, Edinburgh and London. Businesses from the construction; retail; media; fast moving consumer goods; financial services; IT; food & drink; digital marketing; insurance; aviation; and oil & gas sectors were represented at our round-table discussions.

Several key themes emerged from the debates: engaging with employees is critical to the success of businesses, as well as bringing together workers from across generations to share knowledge and experience; the gender pay gap is simply the tip of the iceberg and businesses want to consider diversity in its widest forms, whether it’s ethnicity, gender, sexual orientation, disability or social class; and technology will continue to play a major role in not only shaping the way in which employees work but also through the effect it will have on their wider lives including mental health.

While some challenges were sector specific, participants at the debate had clear messages about diversity and the workforce of the future:

- Cross-generational engagement and inclusion must be cultivated through open and respectful dialogue, with recognition of the contribution and value which can be offered by all workers;
- Caution is needed when seeking to pigeon-hole categories of workers by age; the needs and wants of workers must be seen as fluid concepts and flexibility will be required in relation to working arrangements and benefits;
- Management of mental health issues is now a business critical matter. Workers have never been more pressurised – especially with the impact of technology – and a risk mitigation strategy bespoke to each business and sector must be found as a matter of urgency;
- The reporting of gender pay gap figures and the “pregnancy penalty” has emphasised how society still has conflicting views as to the role of men and women. Politicians will need pressure from society in order to enact legislation which will result in true diversity and inclusion, which in turn will require changes in the way that society perceives the roles of parents and carers when it comes both to childcare and to looking after elderly relatives;
- While harassment and inequalities in the workplace have dominated the headlines, diversity at work is not limited to gender; sexual orientation, ethnicity, disability and social class all impacted on the companies present. A number were also beginning to consider how best to react to the increased focus on gender-fluidity or non-binary persons;
- Technology touched almost every aspect of the topics under discussion. It was felt that some of the answers still eluded companies, and assumptions about how technology will impact upon businesses and their workforce should be tempered by a more realistic outlook.

The chemistry we have with our clients is at the very heart of the way in which we work, and so we wanted to understand the elements that underpin the challenges and opportunities our clients face. In doing so, we have not only identified key trends, but have also pinned down tangible actions for Boards and senior management teams.

We very much hope you enjoy this paper which comprises an engaging discussion of the most pressing issues facing business in the context of the people agenda, coupled with a road map for how to tackle these challenges and create opportunities for your business to become an employer of choice.

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ENGAGING WITH EMPLOYEES

Employee engagement is used regularly as an aspirational term, but participants were keen to know: what tangible actions could be identified that would produce meaningful results?

Bridging the generation gap

The spread of ages across the workforce – covering up to four generations as older workers retire later – was highlighted by companies as a potential source of workplace tension, with longer-serving employees “rolling their eyes” at the rights being given to staff, such as the opportunity to take shared parental leave. The pace of change in society and the expectations held by younger workers was seen to create confusion and, to some extent, frustration among longer-serving employees.

The age profile of senior management teams was also highlighted as an issue. While experience was still highly-valued, diversity of thought among directors and senior management teams was acknowledged to be just as important as it was in the wider workplace.

Some organisations used phased retirement – such as part-time working – to help older workers transition from work to retirement (and aid succession planning), but issues were highlighted over how to begin such conversations with staff without legal and employee relations risks.

It was highlighted how older managers could cope with young people at home when it came to dealing with their children, or they could relate to their lesbian, gay, bisexual and transgender (LGBT) friends, but they found such interactions more difficult in the workplace. One explanation offered was that they could say what they honestly thought at home but they could not be fully honest in the workplace, due to perceived

“You can be honest in life, you can’t be honest in the workplace.”
The feeling of being valued, and respected, is central to engagement. Clearly to achieve that employers must genuinely seek to understand the benefits associated with having four generations all operating together within one workforce. Experience (work and life) can be shared, and those with long service have a significant role to play in conveying the pearls of their institutional knowledge and wisdom to other staff (including members of the management team and board).

To foster an environment where all generations feel engaged, more opportunities must be created for interactions amongst colleagues who may have complementary or indeed conflicting views and experiences. Employers must balance the need to ensure all workers feel respected with the clear need to create an honest forum in which questions can be asked and challenges to stereotypical views can be made, without fear of repercussions. Within that process, employers could seek to ensure that the “banter” – which many employees view as being a crucially important aspect of their working life – can be retained, without alienating other colleagues. Employers who have a clinical and sanitised culture will no doubt find that engagement levels decrease, so a balance must be struck, and an open and honest atmosphere will go far in achieving that.

Employers trying to second-guess what the so-called millennials want now, or may want in the future, should be mindful that a fluid approach will be required: it may be that flexible working and few benefits are attractive for those in the younger generation, but as they progress and reach more traditional milestones (later in life than previous generations) the traditional concepts of job security and family friendly benefits will likely become important again.
“If you take a sabbatical for two years, how is that different from someone who’s off for mental health reasons for six months? Or a year for maternity leave?”

Mental Health

Few topics elicit such a strong emotional response as mental health; research suggests that one in four people in the UK will suffer from a common mental health problem such as depression or anxiety each year, demonstrating how many lives are touched by the issue. One-fifth of lost working days in the UK have been attributed to mental health problems.

Yet the statistics only tell part of the story. With a number of public figures and celebrities talking so openly about mental health and encouraging others to do so, the human side of discussing depression and anxiety is now coming to the fore.

The topic was highlighted as a key issue for HR professionals too. They emphasised the need to tackle the stigma surrounding mental health, including by perhaps referring to “mental injuries” in the same way that sports players refer to “physical injuries”, and rolling out mental health first aid training for all staff.

The pace of technological change was identified as a factor putting pressure on employees’ mental health, with some organisations running workshops to help staff manage their mental health, while others offered bespoke packages, including cognitive behaviour therapy (CBT), counselling and other forms of support, with demand from staff driving the increase in service provision.

The knock-on effect of technology also had an impact, with younger workers reporting loneliness; despite having their mobile phones to hand allowing them to connect remotely to people, they felt isolated in office situations, unable to hold conversations with colleagues. Loneliness was also identified as a mental health issue for home- and lone- workers.

How does business harness technology without affecting mental health?

Undoubtedly mental health issues are inextricably linked to, and impact upon, the workplace. Employers must recognise that with the “always on” culture that has been generated by advances in technology and consumer expectations of instant service or product provision, workers have never been so under pressure and so lacking in meaningful time off. Future-facing employers need to find ways of allowing detox and disconnect, whilst still maintaining productivity and competitive advantage. With the advent of agile working, surely there must be creative ways in which this can be achieved?

In terms of supporting employees with, or vulnerable to, mental health issues, employers should consider bespoke policies which are informed by the specific challenges created by “unseen” conditions such as stress, anxiety and depression. Mental health first-aiders should be appointed, and to start chipping away at the stigma still associated with mental health problems forward-thinking employers could consider identifying coaches and mentors who are prepared to speak openly and honestly about their experiences, encouraging other colleagues to share their concerns and issues before they become unmanageable and sickness absence ensues. Support on return to work, and education of other colleagues are other tangible steps which will help shine a light on, and demystify, what many are predicting will be the biggest challenge to face employers and workers in the next decade.
Part 2

SHIFTS IN SOCIETY

Changing society's views

The emergence of the #MeToo and #TimesUp movements over the past year has shone a brighter light on women’s position in the workplace and wider society than at any time since the Equal Pay Act came into force in the 1970s. The reporting of gender pay gap figures and the “pregnancy penalty” they highlight have emphasised how society still has conflicting views as to the role of men and women.

Participants recognised that there was only so far business could go on their own in addressing differing attitudes towards the roles for each gender. Society’s preconceptions about suitable jobs for boys and girls – which it was felt were often reinforced within schools and homes – were highlighted as an obstacle. So too was society’s preconceptions about who should be primary carer with the continuing assumption that it should be women rather than men. Expectations of women not being managers or “the boss” were also seen as obstacles to women progressing with their careers.

Consideration was given to the idea that gender pay gap reports may themselves be overtaken in decades to come by changes in society, with the transgender or non-binary movement leading to workers choosing not to identify themselves as male or female. There were mixed views on where the situation would be in five-to-ten years’ time, although some firms felt momentum was building, with so called millennials now expecting equality issues to have been rectified in the workplace and that company ethics would contribute to their decisions on which employers to choose.

“With publishing gender pay figures and with the #MeToo conversation on harassment, I think we’re actually seeing a social movement happening in Britain around women”
One company had moved a step beyond harmonising parental leave for men and women by replacing its policy with “family leave” instead. Under the new regime, workers are entitled to a certain amount of time off whether they are the parents of a new-born child, using a surrogate mother or adopting a baby. The policy makes no distinction between the marital status or gender of the couple.

“If you talk about women’s place at work without talking about who looks after the kids at home then it’s like talking about why the ground is wet without being allowed to mention the rain. It’s a completely ridiculous debate because that’s so much a part of it.”

The Pregnancy Penalty

It was recognised that the UK’s approach to maternity leave was one of the major contributors to the imbalance of male and female roles in the workplace and one of the major causes of the gender pay gap: women leave the workforce to have children and when they return their male contemporaries have moved on to more senior and higher-paid roles and their ongoing childcare responsibilities impact on their ability to progress. A similar factor can come into play if women are expected to take more time off work to care for ageing parents too.

When it came to shared parental leave, contrasts were drawn between the situation in the UK and, by contrast, Scandinavian countries where parental leave is split between the mother and father, and in the United States with many companies allowing only a few weeks’ maternity leave.

Attendees suggested that making shared leave compulsory would remove the ability of line managers to suggest men weren’t committed to their organisations if they wanted to take six months off for paternity leave; the situation was contrasted with a willingness to allow male workers to take sabbaticals for a variety of different reasons.

Cultural change was identified as being needed to change society’s attitudes around parental leave. Equality for women in the workplace must go hand-in-hand with equality in the home, especially when it came to shared responsibility for childcare or for looking after elderly relatives.

Such a change in society’s attitude was needed before line managers would stop putting pressure on men who chose to take shared parental leave. It was felt that businesses would find it hard to act in isolation to introduce their own compulsory system for parental leave and that legislation would be required.

It was recognised that a government would not legislate off its own bat for a “use it or lose it system” and instead pressure from wider society would be needed. Such pressure could in part come from millennials, who it was felt have different expectations of a better work-life balance and so may expect more generous parental leave in the future.

Participants said that greater support for women returning from maternity leave should be offered to help them advance their careers. One company had a “maternity coaching programme” in place which buddied up women going on maternity leave and coming back, so they could support each other; it was felt the system enabled employees to have more transparent conversations with their colleagues about family issues, rather than simply relying on the formal relationship between a line manager and a worker.

Publishing gender pay gap figures could add to pressure from society on politicians to come up with more creative solutions, such as affirmative action or allowing women-only shortlists. Attaching conditions to public sector contracts – for example, asking what companies are doing to address their gender pay gap or other equality issues – was envisaged as a factor that would drive change.

Although directors and senior managers were seen as being aware of the case for diversity and equality, such messages were perceived to have not filtered down to line managers, with a suggestion that this was perhaps because it was the line managers who were under pressure to hit budgets and deliver performance whilst at the same time managing maternity (or paternity) leave and increased expectations around flexible working.

Replacing ‘parental leave’ with ‘family leave’

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The immediate issue for companies is their 2019 pay gap report. Reporting on the 2018 figures has focussed predominately on the figures with an element of acceptance of the reasons given by employers for the gap and the steps they have said they will take to address the issue. The big test for Boards will be whether those steps have any impact on the extent to which their pay gap has narrowed by the time it comes to reporting the 2019 figure.

With companies making public commitments on the steps they are taking to address the pay gap, a linked issue for business is the extent to which it should seek to influence government policy to drive social change. Can business be seen to make commitments in relation to their own business in their pay gap report while at the same time seek to discourage “burdensome” employee friendly policies being implemented at a governmental level? Is it in the interest of business to push for change when it comes to childcare issues in order to broaden the group of employees who are available to take up senior positions in the workplace?

Several companies highlighted the business case for encouraging more women into their workforces. One employer said that “women want to buy from other women” and so was recruiting more women for its salesforce. Another pointed to the benefits they had experienced of employing more women in customer-facing roles, including higher levels of customer satisfaction and more thorough work, which meant clients’ requirements were met during the first visit instead of requiring multiple appointments.

Sexual harassment

In the wake of the Harvey Weinstein scandal and the momentum surrounding the #TimesUp and #MeToo movements, some businesses thought that dealing with sexual harassment was perhaps a bigger issue than the gender pay gap, with the consensus being that employers needed to get on the front foot and examine their own businesses instead of simply waiting for cases to come to light.

While the fact that workers were now more prepared to come forward to blow the whistle on harassment was welcomed, some participants sounded a note of caution about the risk of sexual harassment allegations being made disingenuously as a way to thwart employer’s attempts to manage performance or misconduct issues.

The importance of leadership was highlighted by many companies. If a chief executive misbehaved in the workplace then junior members of staff would feel they also had the right to misbehave. This was contrasted with the importance of reputation within family-owned and run businesses, where bad behaviour was tolerated less.

Concerns over “political correctness” killing office banter were also expressed, but participants highlighted the need for companies to tread carefully, drawing a clear distinction between “banter” and “insidious” harassment. Banter and social interactions were judged to be one of the reasons why staff chose to come into a shared workspace instead of working from home.

How does my business respond to societal changes?

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Participants with a global presence highlighted the benefit of a diverse workforce. While harassment and inequalities in the workplace have dominated the headlines, diversity at work is not limited to gender; sexual orientation, race, social class and disability all impacted on the companies present. A number were also beginning to consider how best to react to the increased focus on gender-fluidity or non-binary persons.

Contrasting opinions emerged regarding the usefulness of staff groups or inclusion networks when it came to supporting diversity. Companies operating in office environments felt that setting up groups or networks was a useful way of increasing diversity through influencing policies and procedures. Yet businesses operating in sectors that involved more physical labour were more sceptical about the effectiveness of groups or networks based on gender, sexual orientation or other characteristics, with HR staff from technical industries viewing them as a failed tool and questioning why the technique was still used.

One example was given of a gay member of staff who was shocked to discover his company still had a lesbian, gay, bisexual and transgender (LGBT) group and questioned why such a group was still needed when sexual orientation had become an accepted mainstream topic. The growing acceptance of diversity within wider society – especially by younger generations – was expected to lessen the need for such support networks.

While messages about diversity and equality were judged to be reaching senior managers, it was felt that they had perhaps not filtered down to line managers yet, highlighting the need for further training, especially for leaders.
“I really feel for line managers. They are expected to be a jack of all trades and a master of actually what they were originally employed to do. We expect a lot of them and then we criticise them sometimes when they do it wrong, and we wonder why, because they’re trying to do everything and be everything to everybody. They have the hardest job.”

who had come from a technical discipline before being promoted into management. New forms of training are also expected to be needed, including on gender-fluidity – when some people choose not to identify themselves as male or female - phrases such as “ladies and gentlemen” will be seen as discriminatory instead of courteous.

Whether it was among professional services firms or within the oil and gas industry, the issue of “jobs for the boys” – recruiting people who were already known or came from a similar background to the recruiter – was identified as a universal problem. While the use of artificial intelligence and machine learning within the recruitment process was discussed, concerns arose that the programming of such software could simply reinforce the bias already inherent in a given company’s recruitment process by giving them “more of the same” workers.

Issues were highlighted around the tone and language used in job adverts and other public documents – a lack of gender-neutral language was flagged as a particular issue. A number of participants routinely used software designed to “neutralise” the language of adverts to broaden the range of applicants.

Organisations that had chosen not to set targets for parity between the number of men and women within their businesses felt they wanted to appoint “the right person for the job”, regardless of their gender; others felt targets were useful and had set them for gender parity because they felt a more diverse workforce would improve their business’ performance.

Internal barriers identified included not just male but also female managers’ attitudes to recruiting more women, including comments being made by managers about women “leaving to have babies”.

Away from gender, the need to recruit workers from a wide range of social backgrounds or “classes” was also highlighted as an important issue. It was observed, for example, that managers tended to recruit engineers from Russell Group universities rather than former polytechnics because they were perceived as being “better” graduates, but without hard evidence to support the assumption. This was viewed as a practice that took place across a range of job types and industries. Interest was shown in recruitment programmes that shied away from graduates to target a wider cross-section of society and bring a wider variety of experience into the workplace.
While technology touched almost every aspect of the topics under discussion, it was felt that some of the answers still eluded companies. Although it was acknowledged that some jobs will not exist in the future, it was felt that the implications for the workforce of technologies such as driverless cars were not yet fully understood.

One area in which technology had become most prevalent was in the “gig economy”, in which freelancers or contractors are paid on a per-job basis, aided by tasks being assigned to them via mobile phones. Yet the need for specific qualifications meant the gig economy had not yet spread to established sectors or to the professions, with participants feeling the barriers to entry may prevent high levels of disruption in such areas.

However, technology was judged to have had a significant effect within the HR arena. Using technology – such as managers having mobile phone apps to approve staff holidays – was praised, while software for managing job applicants was also popular. “Chatbots” were also being used by some companies to automate HR enquiries about holiday entitlement and other routine questions.

It was felt that the days of simply placing a job advert in a newspaper are “long gone”, with mixed views over the necessity of careers fairs and open days depending on the sector in which the organisation operates. Yet, while technology had a role to play in candidate management systems, the use of artificial intelligence to screen CVs was seen as a step too far as it removed the ability to spot “interesting” candidates that may fit into a company’s culture, and if incorrectly programmed there were concerns it could hamper the desire for diversity by selecting “more of the same” candidates.

The growth of start-up tech firms themselves was also mentioned as a potential concern, with HR professionals...
questioning if their lack of policies and bare-bones structures would drive back the progress already made in large organisations in terms of tackling discrimination or harassment.

Technology’s ability to monitor the location of staff divided opinions, with some companies recognising it was an important tool for lone-working and would be happy to use technology to monitor staff health as a way of increasing productivity, but others felt it was a step too far to track employees’ movements.

Businesses felt that they couldn’t make assumptions when it came to employees’ willingness to use technology either; one firm said younger members of staff were reluctant to use Workplace Facebook because they felt their Facebook profile was part of their identity outside work – they saw no distinction between their online and offline personalities. Other companies emphasised the need for employees to regularly monitor and update the privacy settings on their personal social media profiles.

Firms also recognised the need to capitalise on the opportunities technology represented to enhance the online reputation of their own businesses. The use of Glassdoor – a website that allows employees, former employees, and former employees to leave reviews of their workplaces, in a similar manner to TripAdvisor for hotels – received mixed reactions, with some participants welcoming it and using it to identify problems with specific managers or pay and conditions, while others highlighted the danger of malicious reviews.

Companies recognised that they could not make simple assumptions about where employees would want to work in the future. While the role of homeworking was recognised, firms also believed many workers wanted the social interaction of coming into a place of work – and that many clients now wanted their consultants to have an on-site presence too.
Employers are acutely aware of the commercial value associated with an engaged and dynamic workforce. With this recognition, now is the time for Boards to lead from the top and listen meaningfully to the issues which are of most relevance and importance to their current and future employees.

As some have learned the hard way through the gender pay gap reporting process, proactive measures to address diversity and engagement issues are vastly preferable to reactive changes, which will likely be viewed with a degree of scepticism from employees.

The war for talent will undoubtedly continue, and while the political landscape is far from certain (which inevitably creates challenges for employers), there are clear and tangible actions outlined above that businesses can take to effect positive change right now.

We look forward to receiving feedback on the findings of this paper, with employers sharing experiences and best practice across all sectors. We will continue to engage with our client base and wider networks to develop the key issues that have been identified, with a focus on practical support and guidance to inform and contribute to their strategic ambitions.

As ever, we are excited to see what the future holds for our clients, and their employees.

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