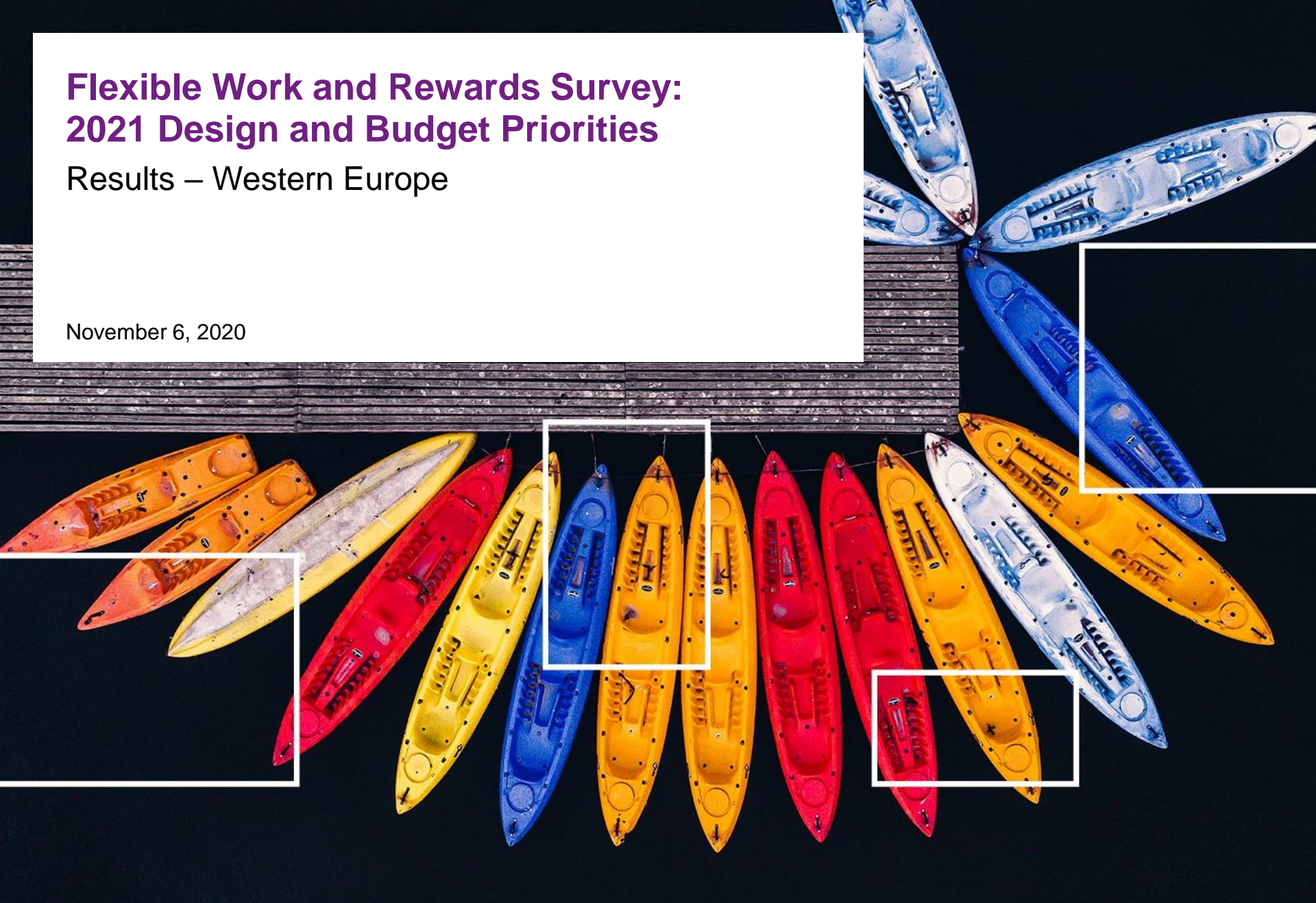# Flexible Work and Rewards Survey: 2021 Design and Budget Priorities
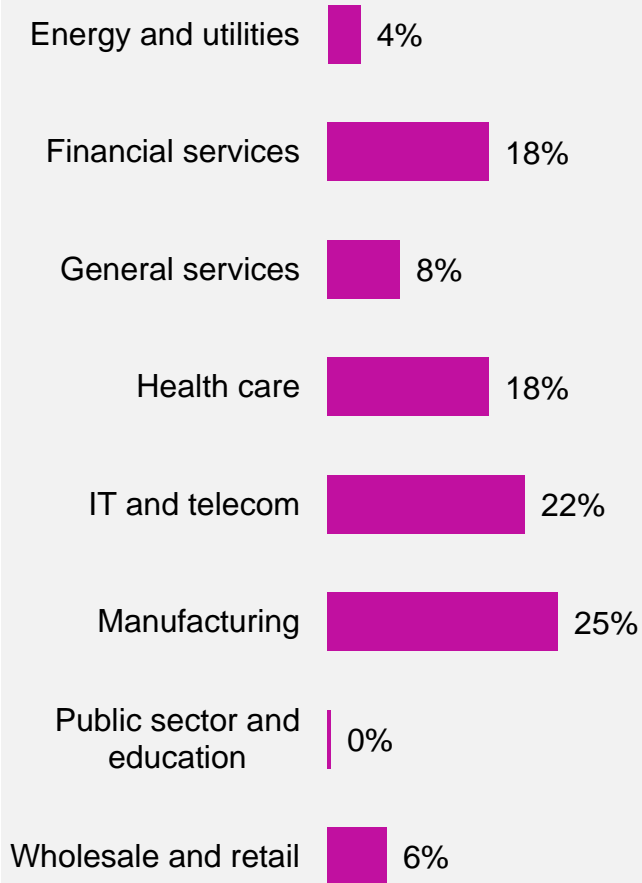
Results – Western Europe

November 6, 2020

Willis Towers Watson

About the survey

Industry

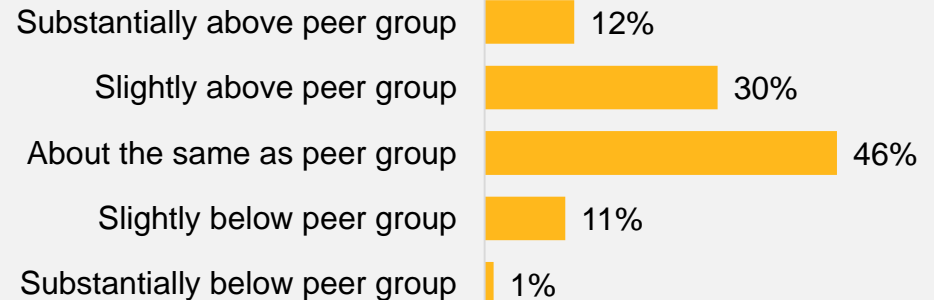|	
Energy and utilities	4%
Financial services	18%
General services	8%
Health care	18%
IT and telecom	22%
Manufacturing	25%
Public sector and education	0%
Wholesale and retail	6%

279 respondents completed the survey

2.63M employees at responding organizations

Financial performance during the past year

Substantially above peer group	12%
Slightly above peer group	30%
About the same as peer group	46%
Slightly below peer group	11%
Substantially below peer group	1%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

About the survey

Which statement best describes your total organization?

15% **Domestic.**
Majority of operations are in home country and mainly supply the domestic market; may have small operations with a few functions in other countries

30% **International.**
Multifunction operations across an entire region (Asia Pacific, Europe, Latin America, North America, etc.) or in several countries on different continents

55% **Global.**
Significant operations (i.e., majority of functions) represented on three or more continents

From what perspective would you like to complete this survey? (*For International or Global organizations)*

Local policies and programs: Provide responses about activities taking place in your country

Multinational governance and policies: Provide responses from a headquarters perspective in terms of your company's "general policy" across all countries in which you operate even if not everything applies in every country

39%   61%
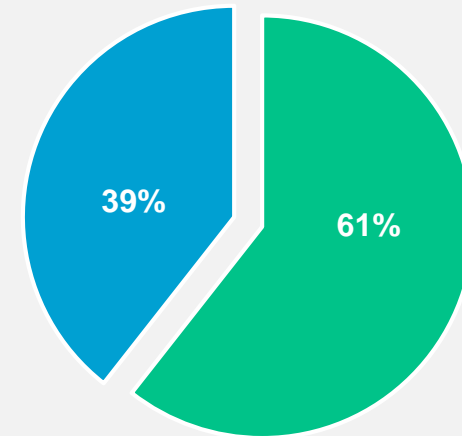
- Local policies and programs
- Multinational governance and policies

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Executive summary

|	
01 Trend (P6-P10)	▪ There's been a **sharp uptick in the number of employees working from home or using other flexible work arrangements.** Employers expect this to persist through first quarter of 2021 ▪ **Employee safety concerns have been the main reason** for this shift but over time employee **retention**, **engagement** and productivity are increasing in importance as well

02 Policies (P11-P16)	▪ **Organizations have been adapting to this by** Instituting **formal policies** around flexible work arrangements
	  • Many have put these policies in place **only recently or intend to add them very soon**
	  • These new policies are likely to be **permanent**
	  • Eligibility for these policies are driven by **job function** and **discretion,** but at some organizations **everyone** will continue to be eligible

03 Impact (P17-P22)	▪ **The likely immediate impact of these policies:**
	  • Reductions in real estate and commuting expenses, partially offset by increases in subsidies and allowances for flexible work arrangements
	  • No immediately change in how people are paid
	  • Not seen as a first step to offshoring in the immediate future

04 Future	▪ The longer term trends however are **around the way the changing workplace effects the business** and **Talent and Rewards opportunities** required to support a more flexible workplace in the future. These changes touch the **role of the manager, job architecture** and **pay and benefits**

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Trend
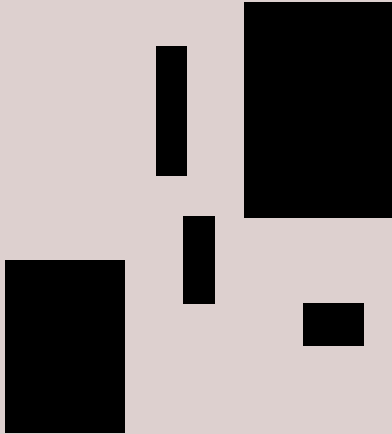
Organizations experienced a dramatic uptick in the proportion of employees working remotely and/or using other flexible work arrangements

What is the approximate percentage of workers at your organization using the following alternative work arrangements last year? Currently? In Q1 of 2021?

	Last Year	Currently	Q1 of 2021
Telecommuting / Working from home (WFH)	**25%**	**65%**	**63%**
Working from anywhere	**14%**	**28%**	**29%**
Compressed workweek	**4%**	**6%**	**7%**
Flextime	**33%**	**38%**	**40%**

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

On average, organizations currently have a similar percentage of full-time employees working in-person or on site as working remotely/from home

What is the approximate percentage of workers in each category at your organization three years ago, currently and expected in three years?

	Three years ago	Currently	In three years
Full-time employees working remotely/from home	6%	38%	29%
Full-time employees working in-person or on site	77%	45%	50%

■ Full-time employees working in-person or on site   ■ Full-time employees working remotely/from home
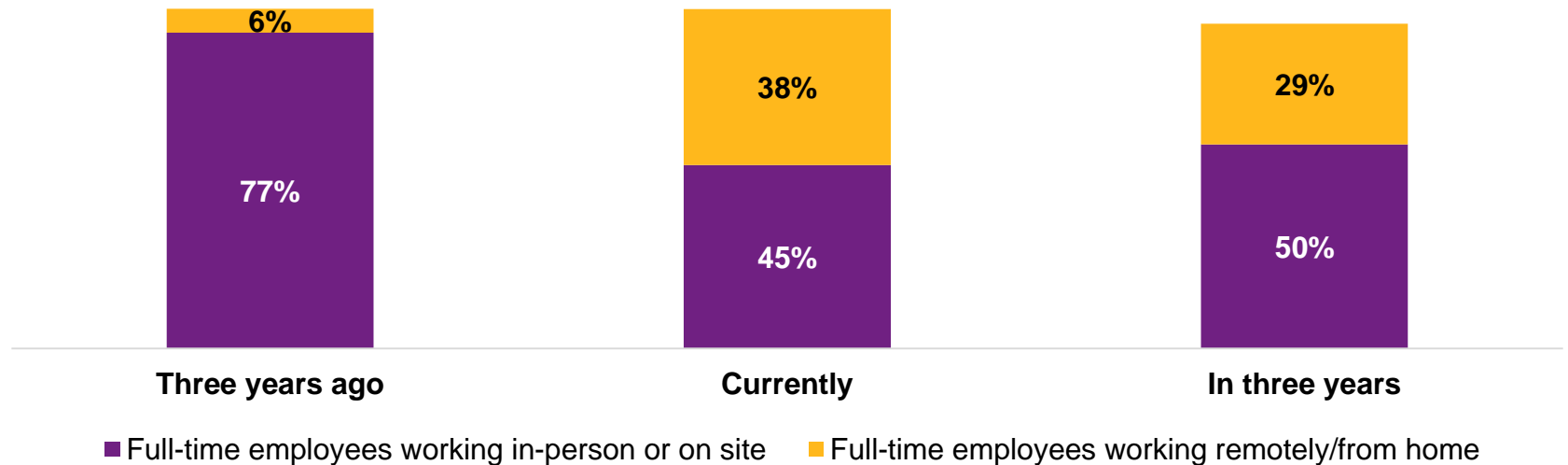
Respondents expect the proportion of their workforce who are full-time employees working from home in three years to be about **20% below** current levels, but **5x** what it was three years ago

Note: Ratios calculated using actual numbers not rounded numbers.
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Most organizations currently provide alternative work arrangements due to employee safety concerns

To what extent are the following reasons your organization currently provides alternative work arrangements?
(For those currently using any alternative work arrangements)

Reason	To a very great extent - 5	4	3	Not at all - 1 / 2
Employee safety concerns	74%	13%	5%	8%
Security concerns	25%	16%	15%	45%
Maintain or increase employee engagement	19%	27%	27%	28%
Promote employee retention	16%	25%	26%	33%
Maintain or enhance productivity	11%	19%	29%	41%
Improve inclusion and diversity	10%	17%	27%	46%
Maintain or enhance business process transformation	6%	15%	24%	55%
Focus on cost savings/management	3%	7%	14%	76%

■ To a very great extent - 5 ■ 4 ■ 3 ■ Not at all - 1 / 2

45% of organizations have conducted an **audit to identify any issues** that have arisen with respect to those employees who are currently working remotely

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Most organizations expect to provide alternative work arrangements in Q1 of 2021 due to employee safety concerns

To what extent are each of the following reasons you expect your organization to provide alternative work arrangements to employees in Q1 of 2021? *(For those expecting to use any alternative work arrangements in Q1 of 2021)*
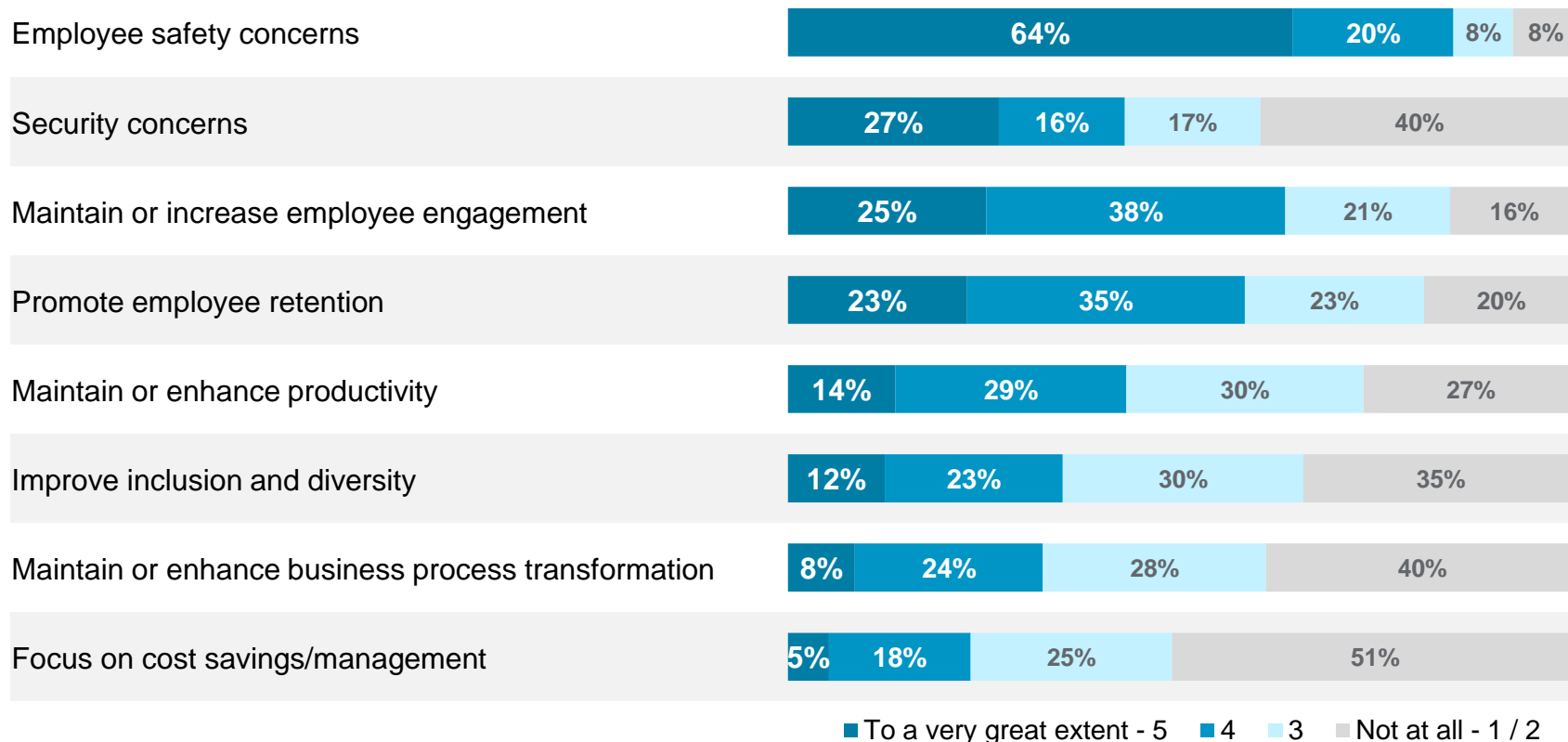
Reason	To a very great extent - 5	4	3	Not at all - 1 / 2
Employee safety concerns	64%	20%	8%	8%
Security concerns	27%	16%	17%	40%
Maintain or increase employee engagement	25%	38%	21%	16%
Promote employee retention	23%	35%	23%	20%
Maintain or enhance productivity	14%	29%	30%	27%
Improve inclusion and diversity	12%	23%	30%	35%
Maintain or enhance business process transformation	8%	24%	28%	40%
Focus on cost savings/management	5%	18%	25%	51%

■ To a very great extent - 5   ■ 4   ■ 3   ■ Not at all - 1 / 2

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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As safety considerations continue to remain important, employee engagement and retention increase in importance for providing alternative work arrangements

To what extent are the following reasons your organization <u>currently</u> provides alternative work arrangements? In <u>Q1 of 2021</u>? *(For those expecting to use any alternative work arrangements in Q1 of 2021)*

	Currently	**Q1 of 2021**
Employee safety concerns	87%	84%
Maintain or increase employee engagement	46%	63%
Security concerns	41%	43%
Promote employee retention	41%	58%
Maintain or enhance productivity	30%	43%
Improve inclusion and diversity	27%	35%
Maintain or enhance business process transformation	21%	32%
Focus on cost savings/management	10%	23%
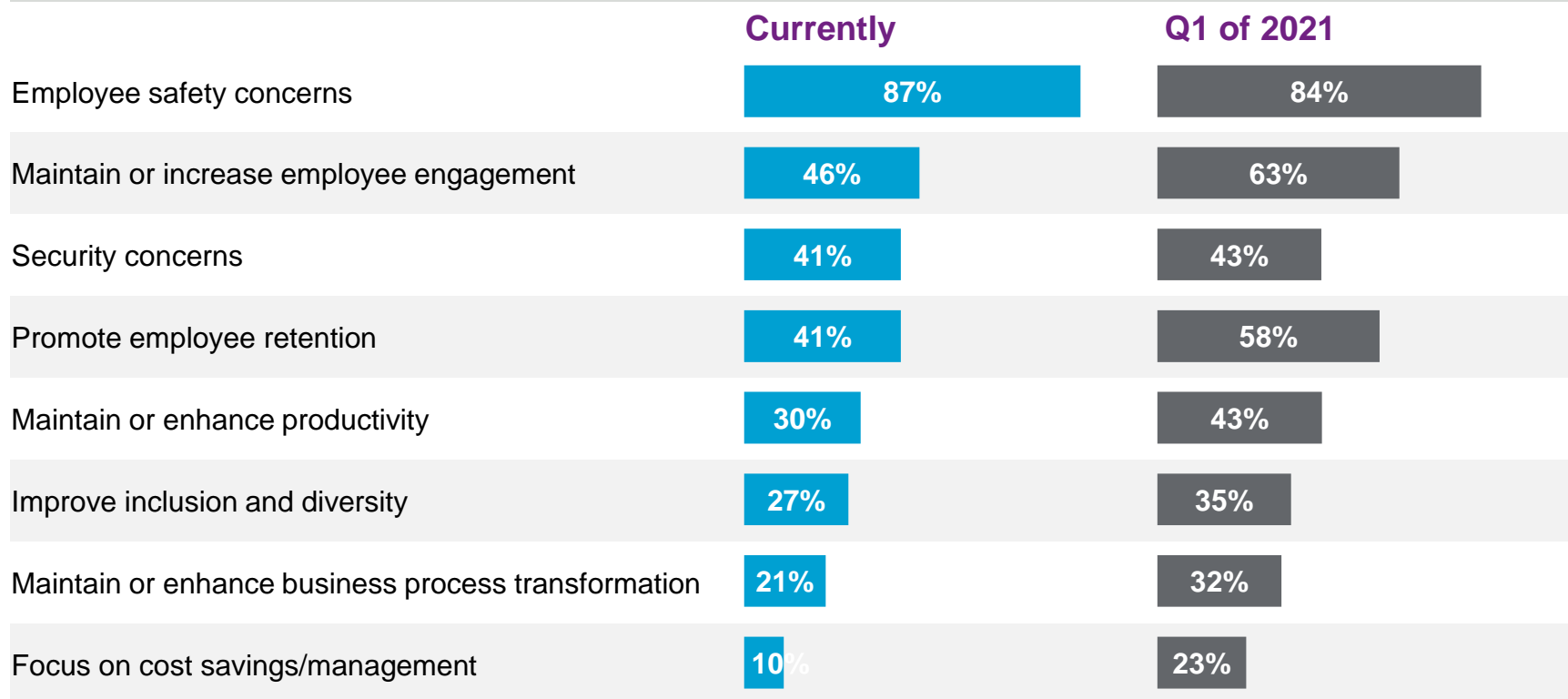
Note: Percentage based on those who responded "To a very great extent – 5" or "4" on a 5 point scale.
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Policies
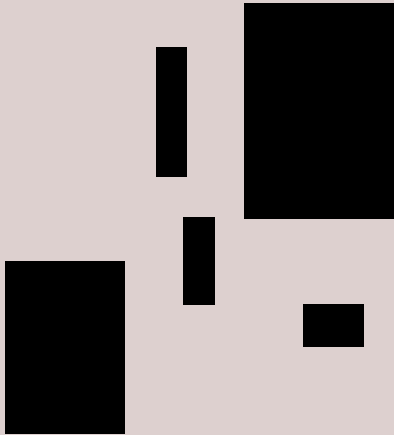
Over one third of organizations do not have a formal policy or set of principles to manage alternative work arrangements

Does your organization have a formal policy or set of principles to manage alternative work arrangements?

- ■ No — 34%
- ■ Yes, we created them in the last 6 months — 16%
- ■ Yes, we created them in the last year — 10%
- ■ Yes, we created them 2 or 3 years ago — 17%
- ■ Yes, we created them more than 3 years ago — 23%

About **1 in 4** just created a formal policy this year

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Over three quarters of organizations that do not have a formal policy are planning or considering adopting one to manage alternative work arrangements

Is your organization planning or considering adopting a formal policy or set of principles to manage alternative work arrangements? *(If answer **no** to formal policies or principles)*

Yes, we are **planning** to adopt formal policies or principles to take effect **this year**
20%

Yes, we are **planning** to adopt formal policies or principles to take effect **next year**
38%

Yes, we are **considering** adopting formal policies or principles to take effect **next year**
19%

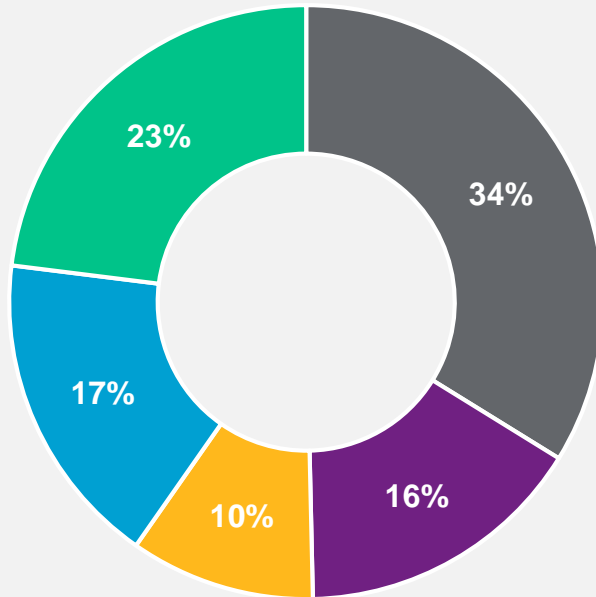No, we are neither planning nor considering adopting formal policies or principles
9%

Not sure
14%

100%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Two thirds of organizations with a formal policy are planning or considering making changes to current policies or principles to manage alternative work arrangements

Is your organization planning or considering making any changes to these policies or principles to manage your alternative work arrangements? *(If answer **yes** to formal policies or principles)*
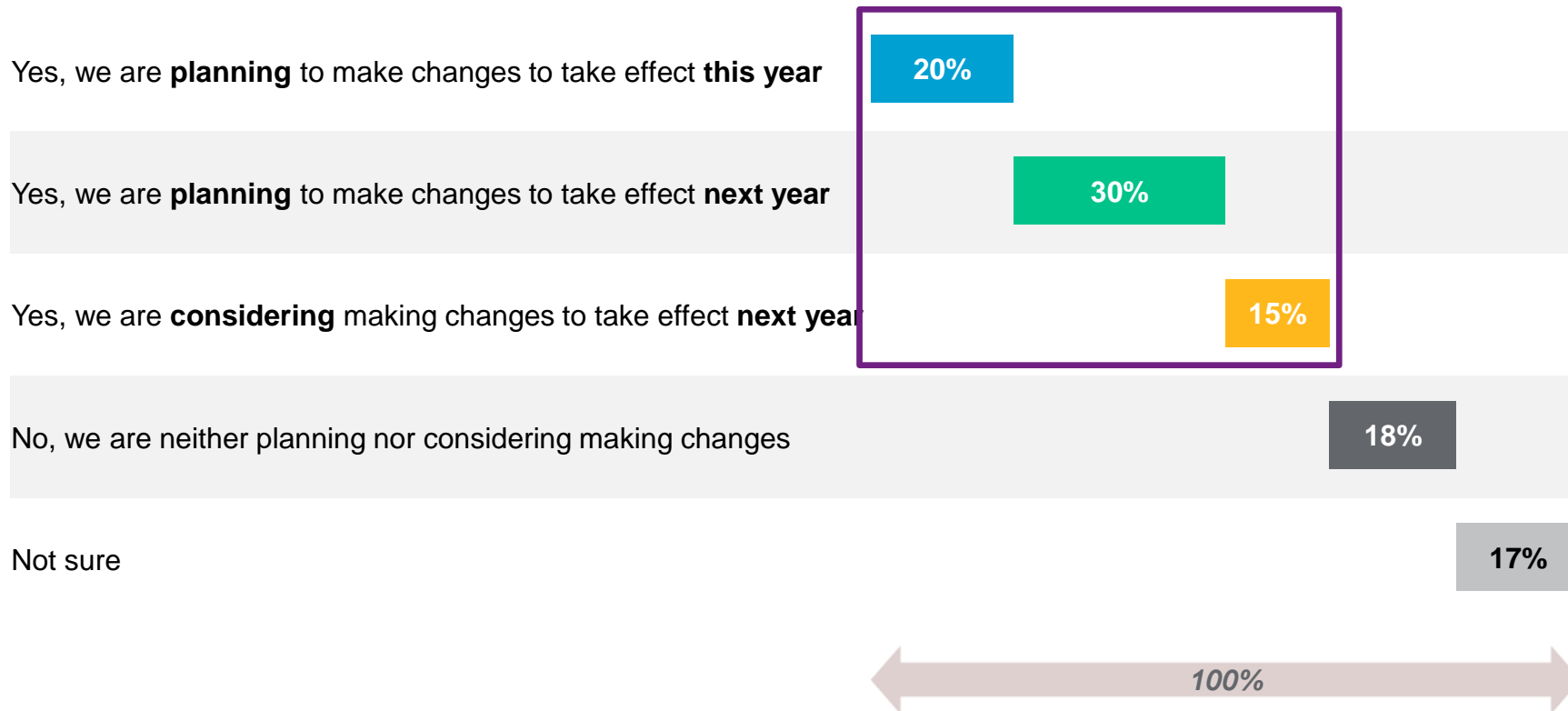
Yes, we are **planning** to make changes to take effect **this year** 20%

Yes, we are **planning** to make changes to take effect **next year** 30%

Yes, we are **considering** making changes to take effect **next year** 15%

No, we are neither planning nor considering making changes 18%

Not sure 17%

100%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Most organizations with new policies expect these policies or principles to be permanent

Are these policies or principles expected to be permanent? *(If created formal policies in last 6 months or year or answer yes to planning or considering adopting formal policies or principles)*
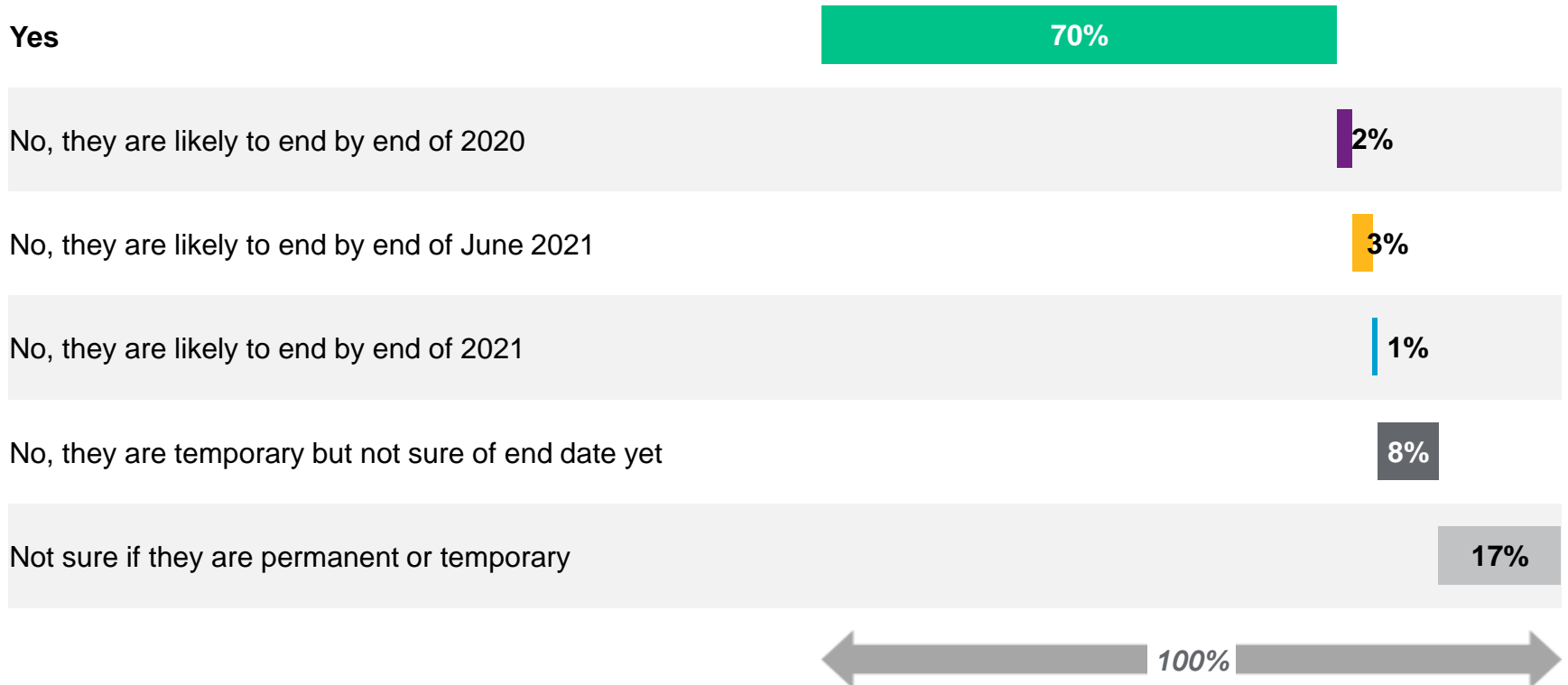
Yes	70%
No, they are likely to end by end of 2020	2%
No, they are likely to end by end of June 2021	3%
No, they are likely to end by end of 2021	1%
No, they are temporary but not sure of end date yet	8%
Not sure if they are permanent or temporary	17%

← *100%* →

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Job function and discretion are the most common criteria to determine eligibility for using alternative work arrangement

But at some organizations everyone is and will continue to be eligible

What are the criteria you are using to determine eligibility for using alternative work arrangements now? In the future?

Currently *Respondents who have policies or principles **in place now***		Future *Respondents who are **planning or considering putting policies or principles in place** or **making changes** to existing policies or principles*	
51%	Job function (e.g., technology, support services, call center)	All employees are eligible	**46%**
38%	All employees are eligible	Job function (e.g., technology, support services, call center)	**46%**
23%	Discretionary	Health concerns	**19%**
22%	Health concerns	Discretionary	**17%**
11%	Job type and level (e.g. senior professional)	Job type and level (e.g. senior professional)	**13%**
8%	Performance-based	Performance-based	**10%**
3%	Years of service	Years of service	**2%**
6%	Other	Other	**9%**

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Impact

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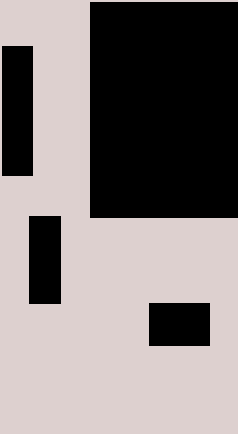
Working from home or working from anywhere is not seen as the first step to offshoring jobs in the near

What proportion of the jobs that will be done through telecommuting or working from anywhere are likely to be offshored over the next 3 years? *(For those that have workers Telecommuting or Working from anywhere in Q1 of 2021)*

None	Less than 10%	10% to 19%	20% to 29%	30% to 49%	50% to 74%	75% or more	Not sure
29%	22%	9%	6%	4%	4%	3%	23%
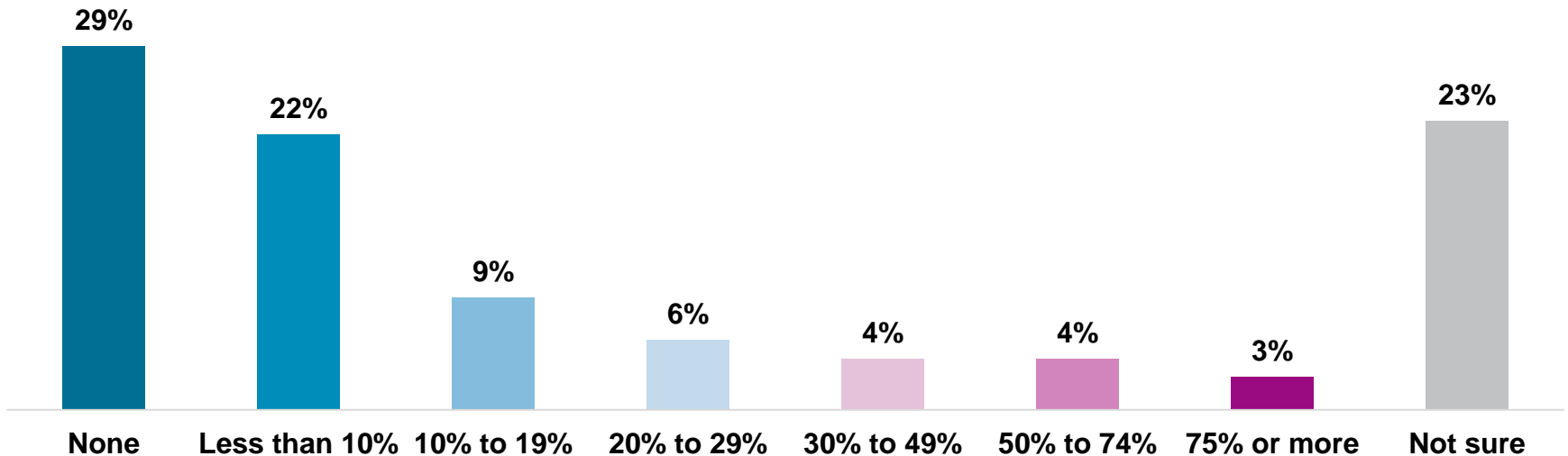
On average, organizations expect about **14%** of the jobs that will be done through telecommuting or working from anywhere are likely to be offshored over the next 3 years

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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85 percent will pay fully remote workers the same as in-office employees regardless of worker's actual locations for all jobs

Which of the following best describes how pay will be determined for employees who are allowed to work fully remote – working from anywhere in 2021? *(For those expecting to allow employees to work from anywhere in 2021)*
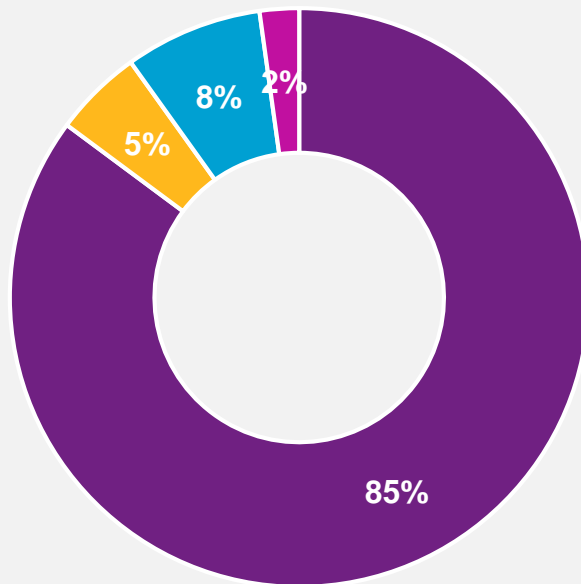
- Same as in-office employees regardless of worker's actual location for all jobs

- Based on location (e.g. city/ area) of remote worker for all jobs

- Same as in-office employees regardless of worker's actual location for hot skills, critical roles while based on location (e.g., city / area) for most roles

- Other

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Many organizations expect a decrease in commuting to work and real estate expenses in 2021 – partially offset by increases in allowances for working from home

Few organizations expect substantial changes to pay and benefits

What is the anticipated budget impact in 2021 of your flexible/remote working policy?

	Real estate expenses	Expenses for commuting to work (e.g. transportation, meals or company cars)	Allowances and subsidies for working from home	Pay	Benefits	Overall Costs
Small increase (5% to 20%)/Significant increase (20% or more)	1%	1%	36%	3%	10%	8%
Stay the same (less than 5% change)	69%	50%	62%	95%	86%	63%
Significant reduction (20% or more)/Small reduction (5% to 20%)	30%	49%	2%	2%	4%	29%

- ■ Small increase (5% to 20%)/Significant increase (20% or more)
- ■ Stay the same (less than 5% change)
- ■ Significant reduction (20% or more)/Small reduction (5% to 20%)

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Over the next 3 years, most organizations expect declines in commuting to work or real estate expenses

Some of these savings could be used to help facilitate necessary changes to Total Rewards programs

What is the anticipated budget impact over the next 3 years of your flexible/remote working policy?

	Real estate expenses	Expenses for commuting to work (e.g. transportation, meals or company cars)	Allowances and subsidies for working from home	Pay	Benefits	Overall Costs
Small increase (5% to 20%)/Significant increase (20% or more)	2%	3%	45%	8%	18%	12%
Stay the same (less than 5% change)	40%	44%	52%	89%	77%	59%
Significant reduction (20% or more)/Small reduction (5% to 20%)	58%	53%	3%	3%	5%	29%

- ■ Small increase (5% to 20%)/Significant increase (20% or more)
- ■ Stay the same (less than 5% change)
- ■ Significant reduction (20% or more)/Small reduction (5% to 20%)

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Organizations are more likely to cover expenses for supplemental computer equipment

Does your organization cover expenses in the following areas? *(For those providing any of the following options for working remotely: working from anywhere, telecommuting or working from home)*

		Average value*	Cap*
Supplemental computer equipment (e.g., external monitor, docking station, headset, etc.)	15% / 16% / 9% / 4% / 56%	$ 248.00	$ 236.00 (n=18)
Computer/Laptop	16% / 8% / 5% / 4% / 66%	$1,183.00	n/a (n=7)
Wireless mobile device and service	12% / 11% / 5% / 70%	$ 633.50 (n=20)	n/a (n=6)
Furniture	11% / 7% / 77%	$ 259.50 (n=22)	$ 235.00 (n=22)
Internet	9% / 9% / 77%	$ 360.00	$ 360.00 (n=21)
Electricity	3% / 6% / 89%	n/a (n=6)	n/a (n=7)

- ■ Reimbursement with no cap
- ■ Reimbursement with cap
- ■ One off allowance
- ■ Annual allowance
- ■ No

Note: *Sample size <25. Numbers for percentages below 3% not shown.
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Future
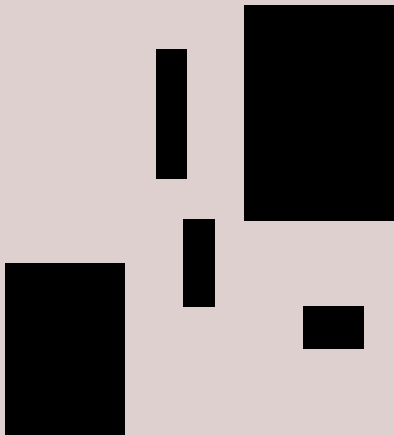
Nearly half of organizations are effective at recognizing the need to create a more agile and flexible workforce

To what extent is your organization effective at the following?

Recognizing our need to create a more agile and flexible work force

| 10% | 37% | 36% | 16% |

Integrating contingent workers with specialized skills into our work teams

| 7% | 34% | 36% | 23% |

Retaining critical talent (employees and contingent workers) with needed technology skills

| 6% | 36% | 39% | 19% |

Integrating automation with talent

| 2% | 24% | 44% | 30% |

■ To a very great extent - 5   ■ 4   ■ 3   ■ Not at all - 1 / 2
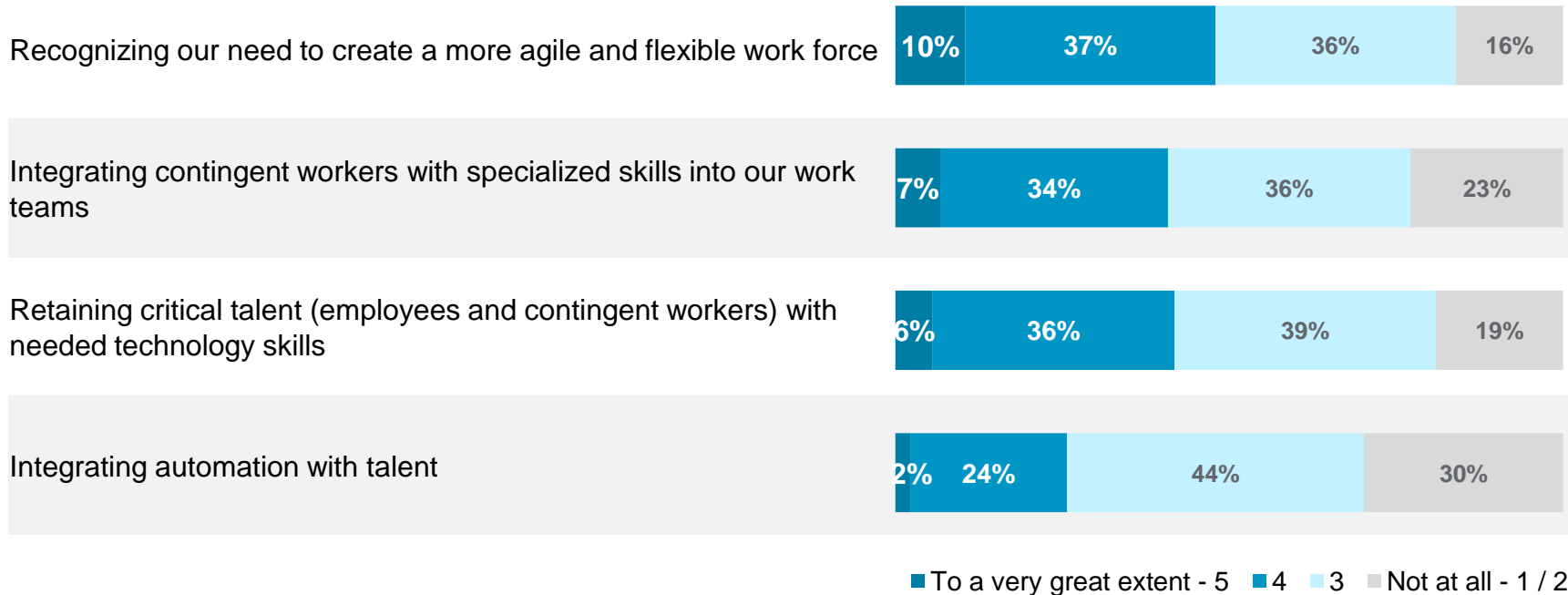
But they struggle to be effective because of shortcomings in strategy, systems and other factors

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Only 17 percent of organizations have an integrated digital and business strategy

Which of the following best describes the current state of your organization digital strategy?

- We have an integrated digital and business strategy enabling new sources of value with digital capabilities embedded in the organization's value chain.

- We have a well-developed digital strategy that is clearly aligned with business strategy.

- We have a digital strategy, but it is not clear how that is aligned with our business strategy.
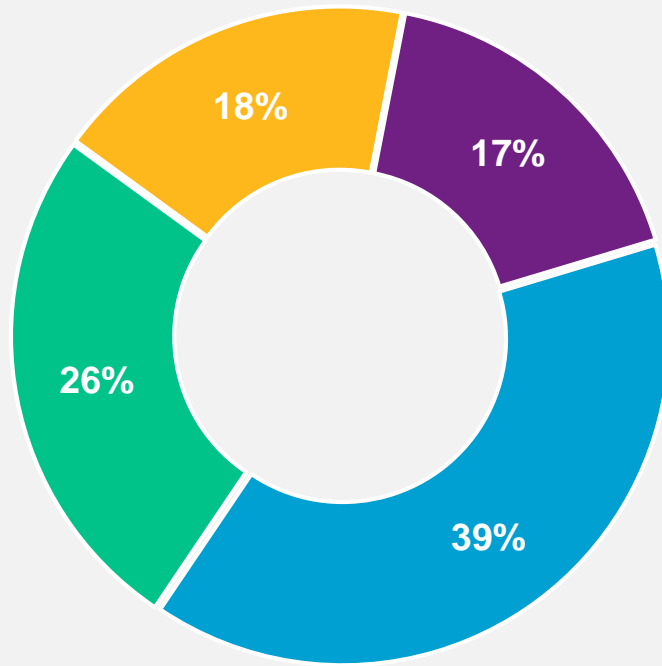
- We have a very basic, reactive digital strategy with rudimentary digital capabilities.

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

3 in 5 organizations have provided employees with digital tools and technologies to help them to be more productive

But fewer say employees and senior leaders are effective at using them

To what extent are the following applicable to your organization's digital efforts?

	To a very great extent - 5	4	3	Not at all - 1 / 2
We have provided our employees with digital tools, such as mobile and web apps. to help them be more productive	24%	34%	25%	17%
Our employees are quite proficient in using digital tools	16%	34%	34%	16%
Accountability for success of our digital ambitions is owned by all our leadership	15%	35%	30%	21%
Senior leaders are effective at using new technologies and non-employee talent to change the way work is done in every area from customer interaction to internal work processes	8%	27%	34%	31%
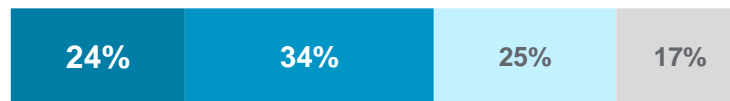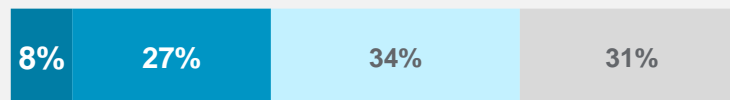
Legend: ■ To a very great extent - 5 ■ 4 ■ 3 ■ Not at all - 1 / 2

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Around 2 in 5 organizations report their managers are effective at using alternative ways of getting work done and removing obstacles to delivering work

To what extent are managers in your organization effective at the following?

Helping workers on their team focus equally on what our customers will need tomorrow and what they require today

| 6% | 36% | 40% | 17% |

Removing obstacles to doing work with speed and efficiency

| 5% | 32% | 42% | 21% |

Coordinating the delivery of work using multiple alternatives (e.g., employees, independent contractors, AI, etc.)

| 5% | 36% | 40% | 19% |

Communicating and leading change around the new combinations of humans and automated workers

| 2% | 19% | 42% | 37% |

■ To a very great extent - 5 ■ 4 ■ 3 ■ Not at all - 1 / 2

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

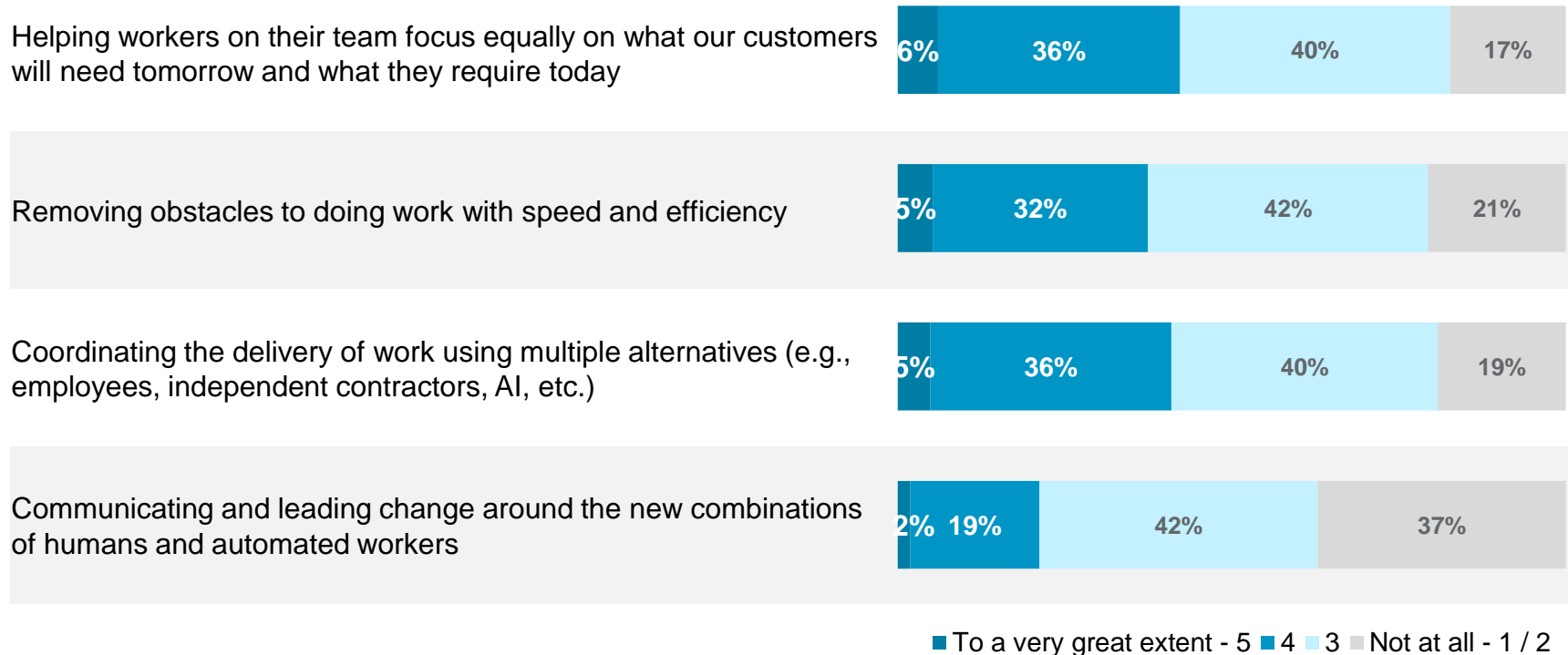# 3 in 10 organizations are recognizing that new requirements for work require a hybrid model for rewards and pay

In what ways are your rewards and pay philosophy shifting due to new ways of working?

We are not concerned with where work gets done for most roles	**39%**
We are recognizing that new requirements for work require a hybrid model	**30%**
We are providing additional benefits to promote workplace flexibility (e.g. backup daycare, subsidies for daycare or virtual learning, subsidies or reimbursement of costs for working from home)	**19%**
We are considering national pay structures and levels	**12%**
We are starting to plan for new rewards based on high demand skills	**10%**
We are starting to plan a segmented philosophy based on job families	**9%**
We are setting pay levels by first determining the market value of skills and then applying a geographic differential based on the where the employee is located	**8%**
Other	**6%**
None, we are maintaining our current rewards approach	**34%**

Two fifths of organizations appear to be **embracing flexible work** and just under **1 in 5** are **aligning some benefits** with this philosophy
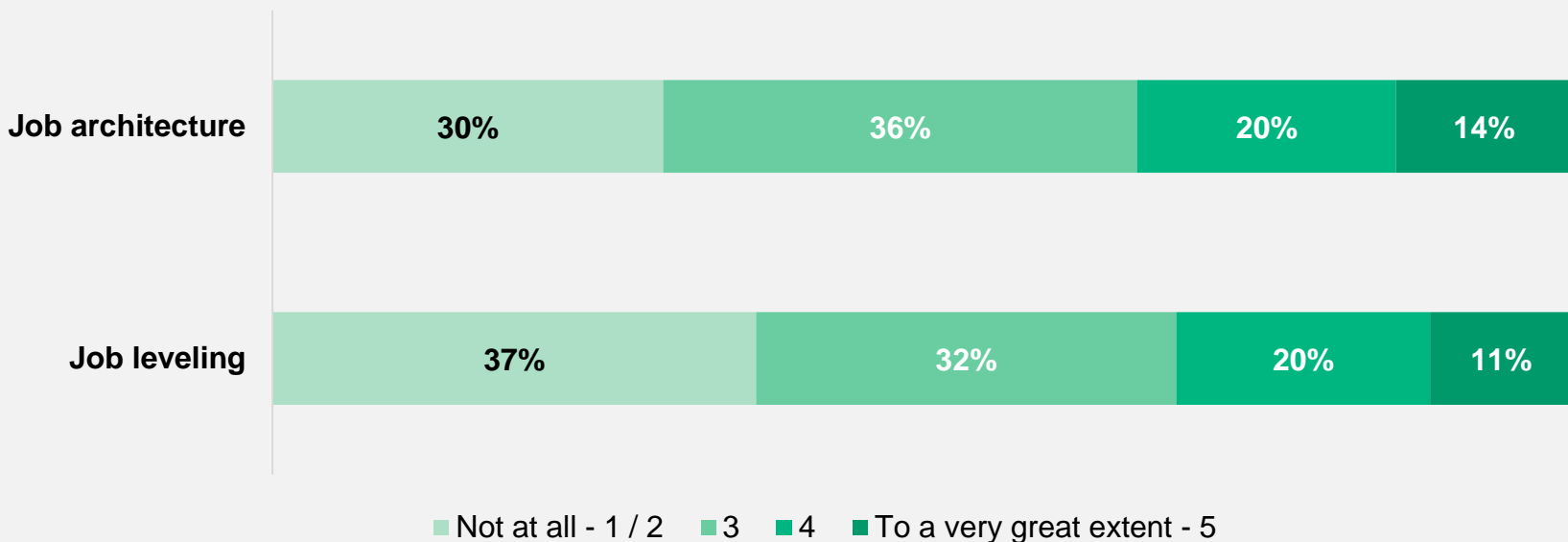
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Fewer than 15 percent of organizations think that their current job architecture and job leveling process support developing a flexible and agile workforce to a very great extent : Twice as many say it does not support this at all.

To what extent do the current job architecture and job leveling process at your organization support developing a flexible and agile workforce?

Job Architecture – Groups jobs based on utilization of similar knowledge and skills, e.g. HR, Finance, IT, Engineering
Job Levelling – Groups jobs based on relative size and value, e.g., Senior Professional, Supervisors

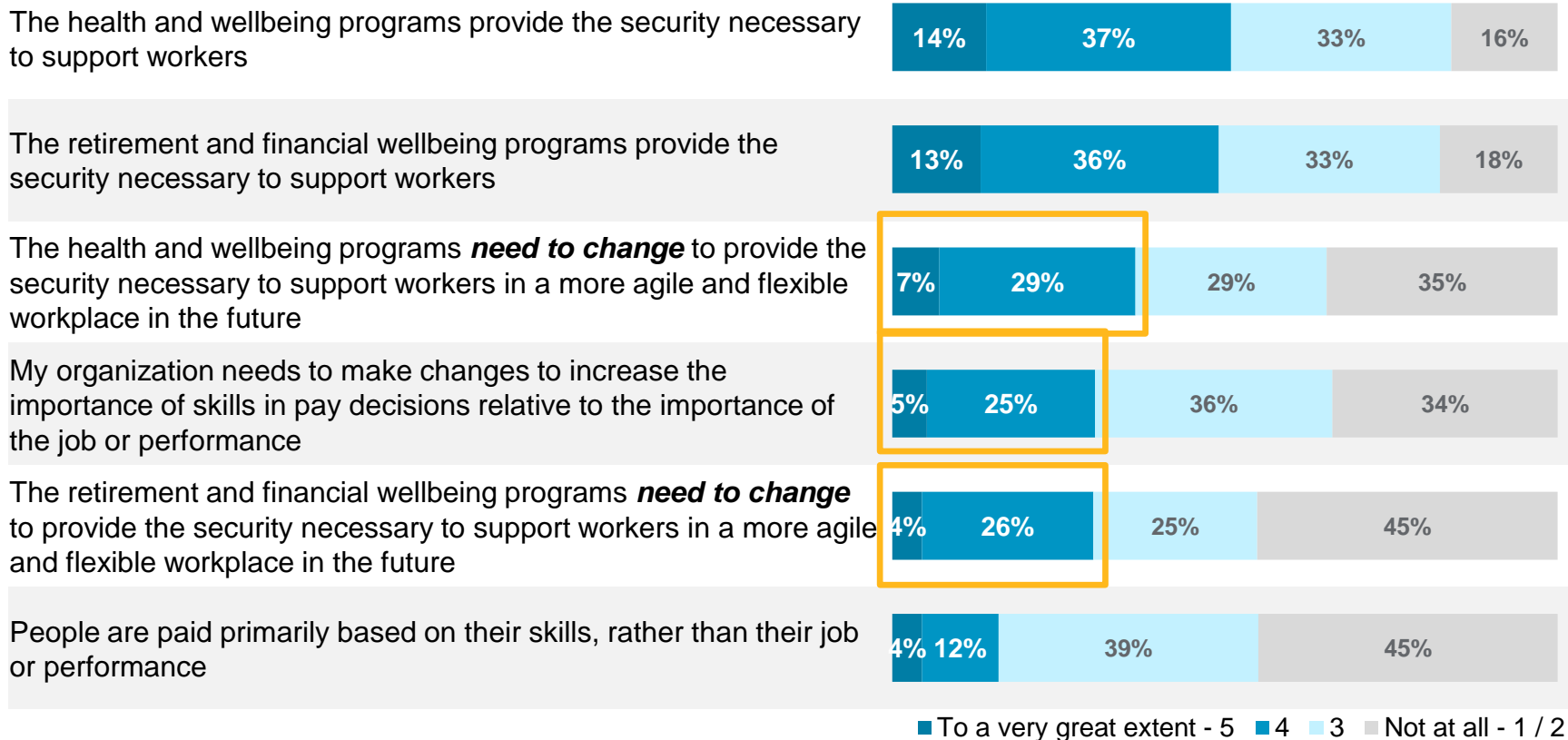|	Not at all - 1 / 2	3	4	To a very great extent - 5
Job architecture	30%	36%	20%	14%
Job leveling	37%	32%	20%	11%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Most organizations agree that their benefits programs provide the security necessary to support workers now

Those pursuing more flexible work arrangements may require changes to pay and benefits programs in the future

To what extent do you agree with the following statements about the pay and benefits programs at your organization?

The health and wellbeing programs provide the security necessary to support workers
| 14% | 37% | 33% | 16% |

The retirement and financial wellbeing programs provide the security necessary to support workers
| 13% | 36% | 33% | 18% |

The health and wellbeing programs *need to change* to provide the security necessary to support workers in a more agile and flexible workplace in the future
| 7% | 29% | 29% | 35% |

My organization needs to make changes to increase the importance of skills in pay decisions relative to the importance of the job or performance
| 5% | 25% | 36% | 34% |

The retirement and financial wellbeing programs *need to change* to provide the security necessary to support workers in a more agile and flexible workplace in the future
| 4% | 26% | 25% | 45% |

People are paid primarily based on their skills, rather than their job or performance
| 4% | 12% | 39% | 45% |

■ To a very great extent - 5   ■ 4   ■ 3   ■ Not at all - 1 / 2

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

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Appendix

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Use of automation continues to grow as more organizations are taking up automation for greater proportion of work

■ **Percentage of organizations that had some work done by automation**

■ **Average percentage of work done by automation (organizations using automation)**

Three years ago: 43%, 11%

**Currently:** 67%, 14%
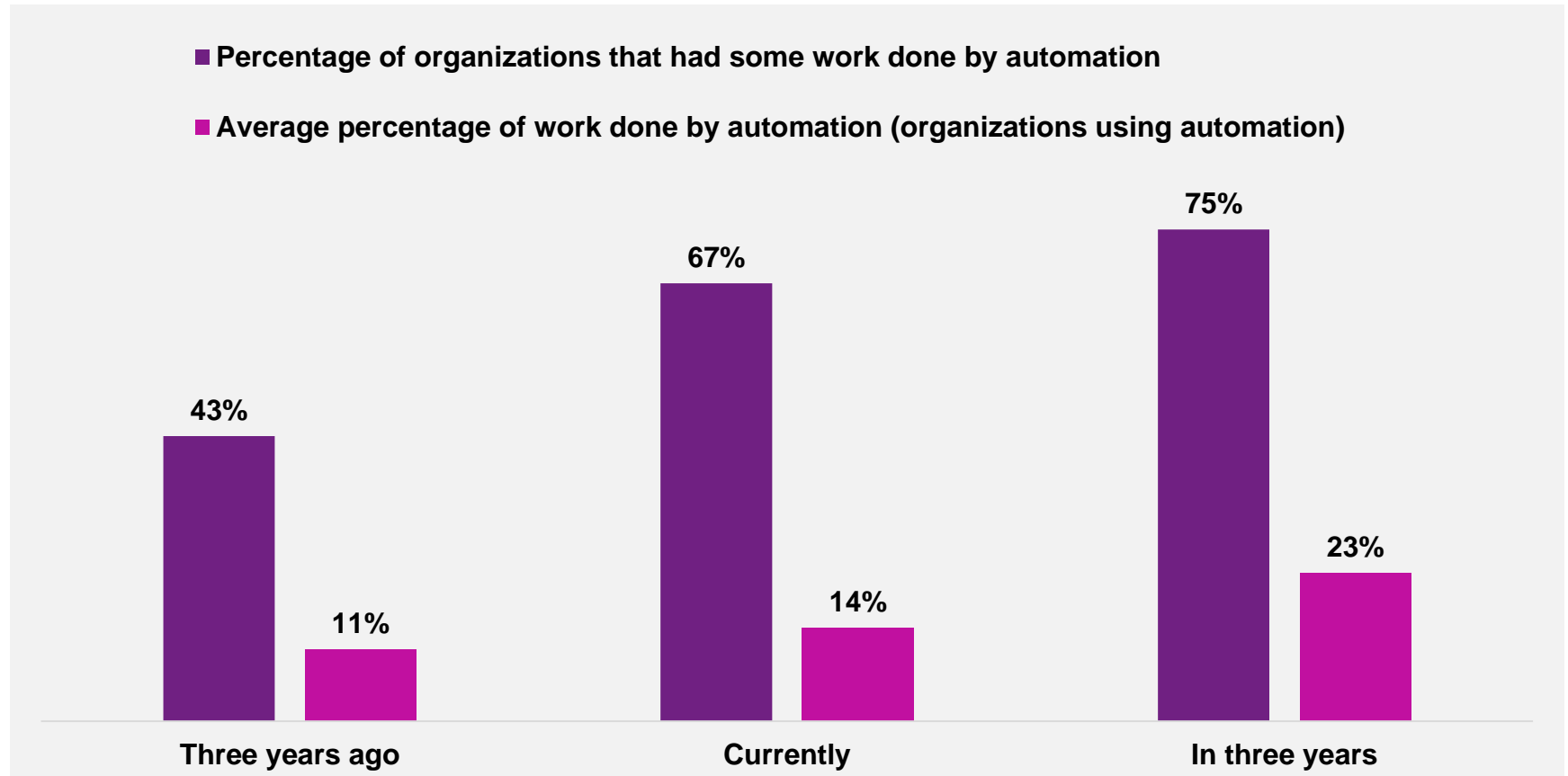
In three years: 75%, 23%

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Use of non-employee talent is expected to increase in three years

What is the approximate percentage of workers in each category at your organization three years ago, currently and expected in three years?

4.6%

3.8%

3.5%

% of the workforce

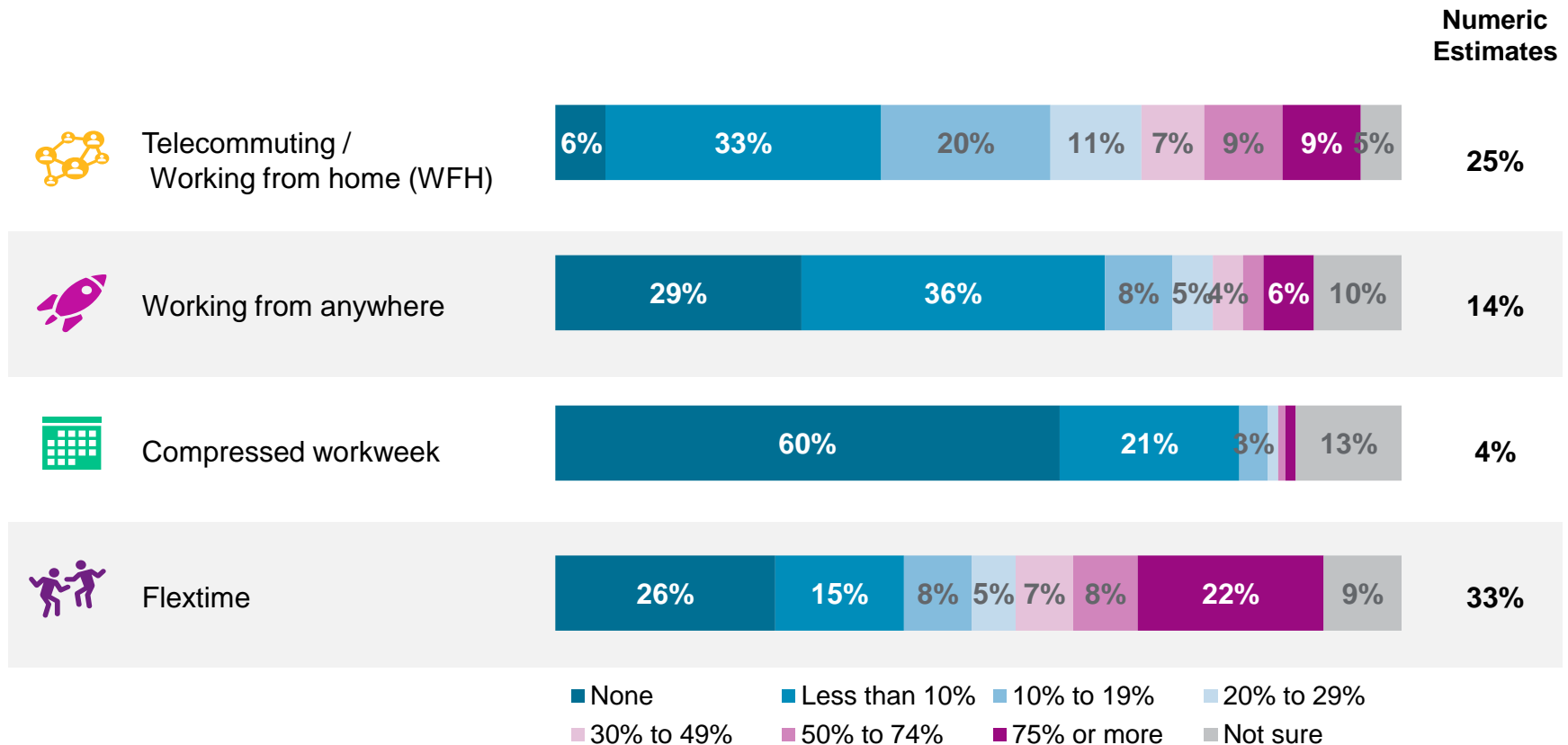Three years ago   Currently   In three years
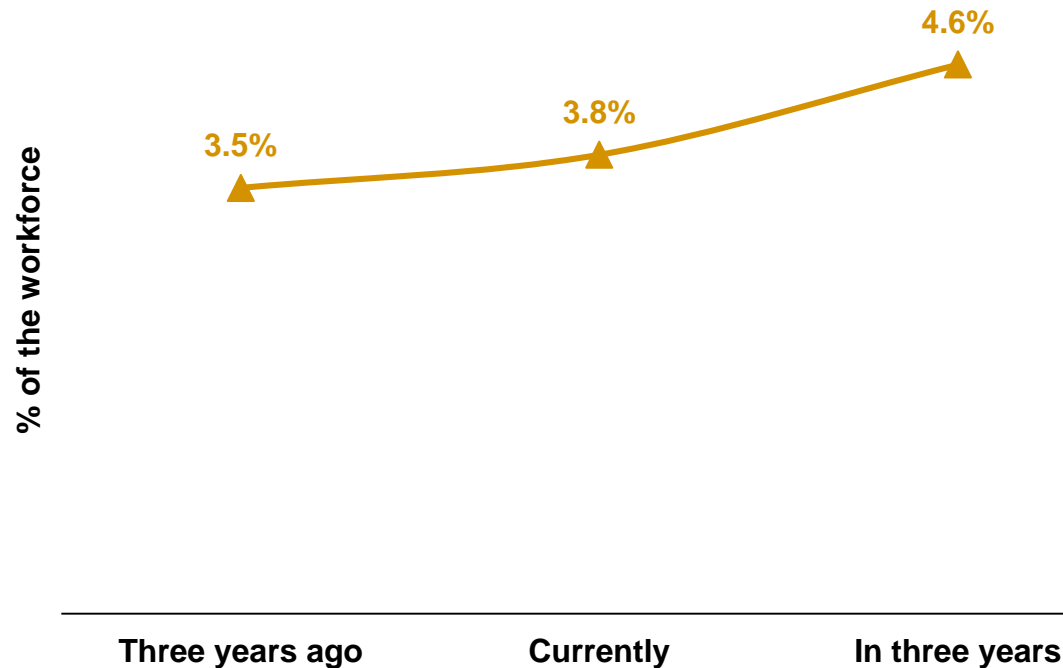
Free agent workers
(e.g. contractors, contractors hired from a talent platform, workers on loan from other organizations)

Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Willis Towers Watson

More workers were using flextime than other types of alternative work arrangements last year

What is the approximate percentage of workers at your organization using the following alternative work arrangements last year?

Numeric Estimates

	None	Less than 10%	10% to 19%	20% to 29%	30% to 49%	50% to 74%	75% or more	Not sure	Numeric Estimates
Telecommuting / Working from home (WFH)	6%	33%	20%	11%	7%	9%	9%	5%	**25%**
Working from anywhere	29%	36%	8%	5%	4%		6%	10%	**14%**
Compressed workweek	60%	21%	3%					13%	**4%**
Flextime	26%	15%	8%	5%	7%	8%	22%	9%	**33%**

Legend:
- ■ None
- ■ Less than 10%
- ■ 10% to 19%
- ■ 20% to 29%
- ■ 30% to 49%
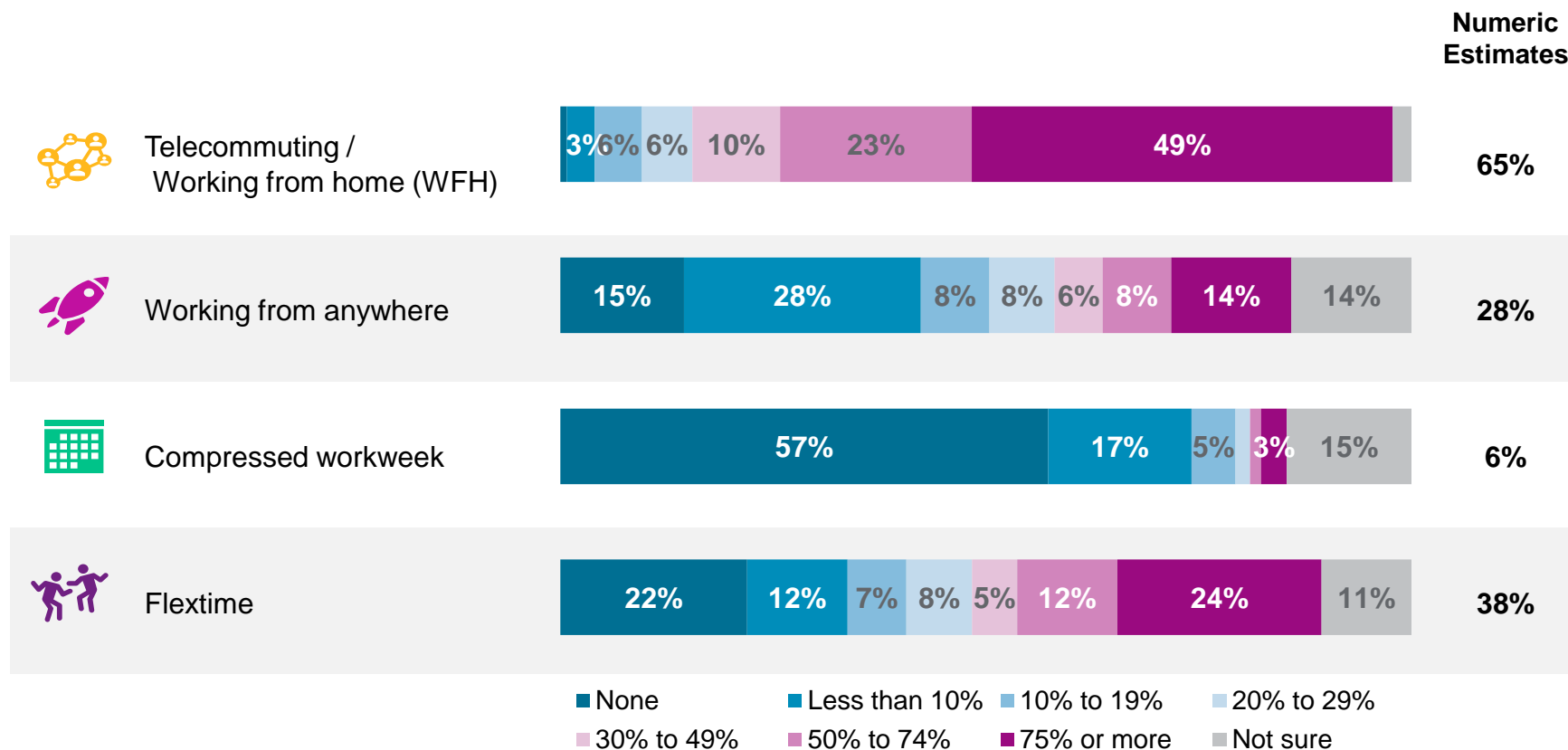- ■ 50% to 74%
- ■ 75% or more
- ■ Not sure

Note: Numbers for percentages below 3% not shown. Numeric Estimates are "not sure" removed results.
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Two thirds of workers are working from home; many are also working from anywhere and using flextime

What is the approximate percentage of workers at your organization currently using the following alternative work arrangements?

Numeric Estimates

Work arrangement	None	Less than 10%	10% to 19%	20% to 29%	30% to 49%	50% to 74%	75% or more	Not sure	Numeric Estimates
Telecommuting / Working from home (WFH)	3%	6%	6%	10%	23%		49%		65%
Working from anywhere	15%	28%	8%	8%	6%	8%	14%	14%	28%
Compressed workweek	57%		17%	5%		3%		15%	6%
Flextime	22%	12%	7%	8%	5%	12%	24%	11%	38%

Legend:
- ■ None
- ■ Less than 10%
- ■ 10% to 19%
- ■ 20% to 29%
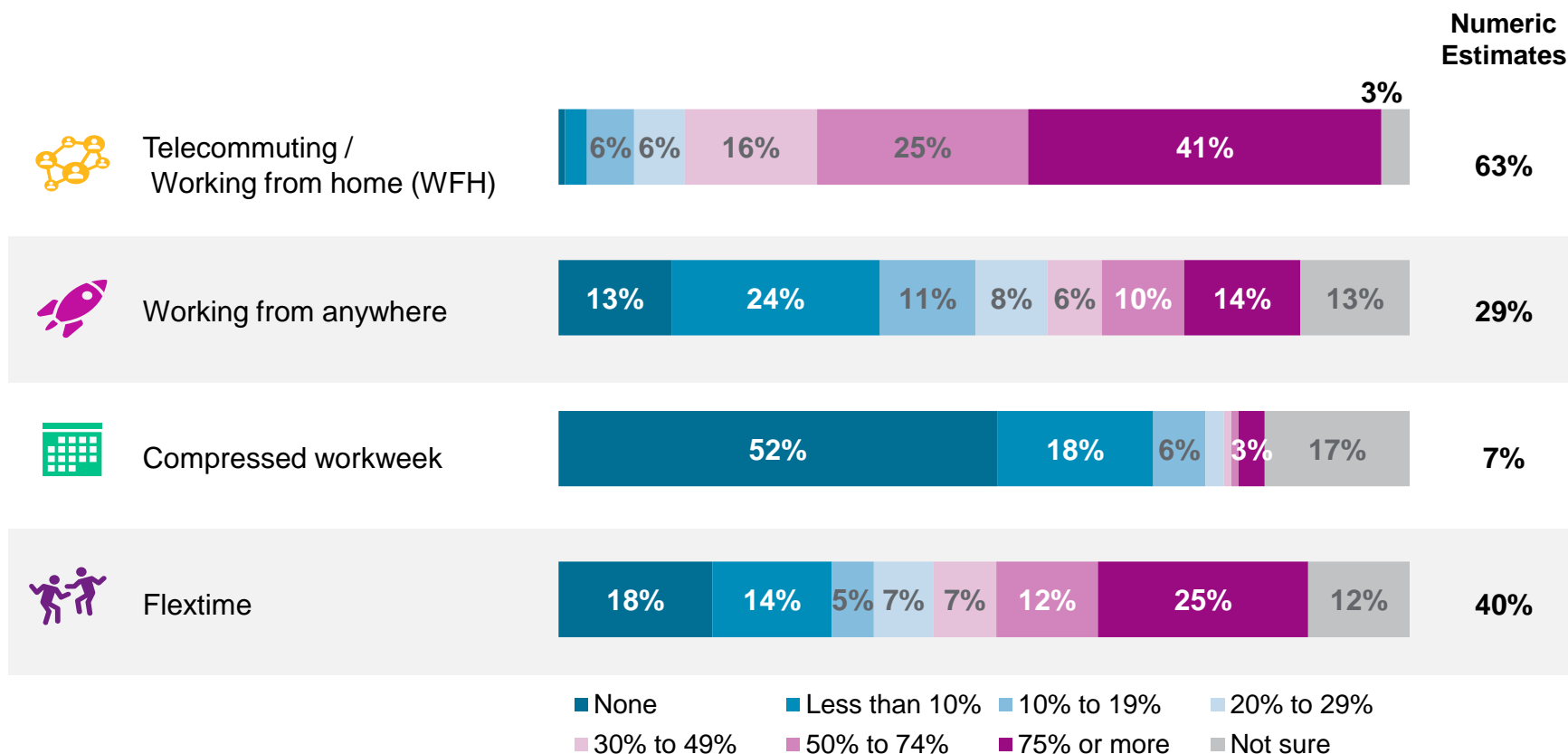- ■ 30% to 49%
- ■ 50% to 74%
- ■ 75% or more
- ■ Not sure

Note: Numbers for percentages below 3% not shown. Numeric Estimates are "not sure" removed results.
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities

Nearly 2 in 3 workers are expected to work from home in Q1 of 2021

What is the approximate percentage of workers at your organization that you expect to be using the following alternative work arrangements in Q1 of 2021?

Numeric Estimates

Arrangement	Chart	Numeric Estimate
Telecommuting / Working from home (WFH)	6% / 6% / 16% / 25% / 41% / 3%	**63%**
Working from anywhere	13% / 24% / 11% / 8% / 6% / 10% / 14% / 13%	**29%**
Compressed workweek	52% / 18% / 6% / 3% / 17%	**7%**
Flextime	18% / 14% / 5% / 7% / 7% / 12% / 25% / 12%	**40%**

Legend:
- ■ None
- ■ Less than 10%
- ■ 10% to 19%
- ■ 20% to 29%
- ■ 30% to 49%
- ■ 50% to 74%
- ■ 75% or more
- ■ Not sure

Note: Numbers for percentages below 3% not shown. Numeric Estimates are "not sure" removed results.
Source: Flexible Work and Rewards Survey: 2021 Design and Budget Priorities