



Building a better  
working world

EY Center for Board Matters  
**How boards can  
help companies  
reimagine work**



During the pandemic, many employees had to make a sudden pivot to working virtually from new locations using new collaboration tools and technologies. The conditions that many feared would impede business turned out to create surprising opportunities and spurred a paradigm shift in where, how and when work gets done.

Many employees proved they can be just as – if not more – productive, collaborative and innovative outside of the traditional office model, and employers have taken notice, too. The sudden and prolonged shift to virtual work also created new challenges and raised questions about the impact on employee engagement, inclusion and career development.

As vaccinations pave the way for a return to the office, corporate leaders now must answer important questions that might challenge their traditional views and experiences of work. For example: What is the role of the office? How is culture defined and nurtured? What's the best way to view and measure productivity? How can new ways of working align with sustainability goals and values? What can best attract, inspire and retain the talent needed today and in the future?

Ernst & Young LLP recently conducted its 2021 Work Reimagined Employee Survey to understand what will enhance the employee experience of the future. The survey, which included more than 16,000 respondents across 16 countries and representing 23 industries, explored employee views on the impact of the pandemic on culture, productivity and how work gets done.

Drawing insights from the survey, this article addresses key considerations for boards as they oversee their companies' evolutions toward a new work environment, govern the talent strategy for the future, and help the CEO and management team use lessons learned from the pandemic to inform strategy.

## Culture in a virtual environment

Corporate culture continues to be an essential part of strategy execution and long-term value. Employee onboarding, networking and collaboration are important moments for conveying and reinforcing a company's culture, but these in-person moments abruptly became mostly virtual for most companies, raising concerns about the impact on culture.

However, virtual experiences and remote working have improved the employee experience for many, allowing colleagues to be more accessible, more visible and sometimes providing for more equitable participation. Technology tools, from collaboration platforms to video, have proven to be effective modes for enhancing culture. In fact, our survey found that nearly half of employees believe their company culture has improved since the beginning of the pandemic.

Moving forward, organizations will need to measure and monitor various dimensions of the employee experience and support a culture that inspires employees, regardless of their physical location; unites them around a common vision of the future and accelerates strategy. Board members can play

48%

of employees believe their company culture has changed and improved since the beginning of the pandemic.

*The EY 2021 Work Reimagined Employee Survey*

an important role in creating accountability for how culture is communicated and lived. This includes aligning executive compensation to the behaviors the business needs, regularly evaluating how the CEO and other senior executives are modeling desired behaviors and communicating culture, and monitoring culture metrics to keep a pulse on how culture is evolving.

## A new view of productivity

The notion of productivity has its roots in the industrial revolution, where automated manufacturing and farming processes enabled people to achieve a greater quantity of outputs. This remained true for office workers whose productivity was often measured by time spent at desks and in meetings. While working models have been evolving, the pandemic triggered profound and rapid changes as companies were forced to adopt widespread use of tools that allowed for remote working and to embrace more flexible schedules to accommodate personal and family needs – and to the surprise of some, the work still got done and productivity may have increased. The EY survey found that 65% of employees consider themselves more productive and more creative with the new mix of on-site and remote work. Moving forward, companies will need to rethink how they define and assess productivity and embrace a new view of work.

Rather than measuring employee productivity on output and effort, measuring the value and impact related to performance can provide a fresh perspective. Companies will need to understand how unique human contributions from the workforce can improve products, services or customer experiences.

65%

agree that the new mix of on-site and remote work will increase the company's productivity and creativity.

*The EY 2021 Work Reimagined Employee Survey*

Governing this renewed understanding of productivity will require a new focus on human innovation and contribution and greater emphasis on enabling technologies, workspaces, flexible schedules and other practices to augment results.

Boards can help set the tone at the top that productivity needs to be linked to purpose and employee engagement and experience to drive strategy and enhance long-term value. Boards can help management look beyond traditional metrics and focus on the key value drivers and the unique human contribution that will improve not only the company's financial value but the customer, employee and societal value.

## Prioritizing employee well-being and satisfaction

Employee well-being and satisfaction have taken on a new level of importance to an organization's talent strategy. For example, our survey found that most employees are prepared to leave their current firm if they aren't offered the flexibility they want, with millennials twice as likely as baby boomers to quit.

In response, management teams are seeking to optimize processes and policies to address these priorities and become an employer of choice. Companies may consider how employment models and reward programs can support employee satisfaction. This might include providing flexibility in where, when or how work gets done; providing new amenities and benefits for employees who are not able to work remotely; addressing childcare needs; reimbursing home office expenses; and providing opportunities for upskilling and reskilling in a virtual or hybrid model.

During the pandemic, many companies enhanced their employee compensation, health care benefits and added other well-being programs to address factors such as childcare and mental health. Now these companies have an opportunity to continue to support the workforce through sustained provision of these and other new benefits to prioritize employee satisfaction.

Organizations that prioritize well-being listen to their employees and put their health, safety and satisfaction first. They reinforce organizational values in the face of adversity and focus on new ways to reward the right behaviors. Further, some are incorporating mindfulness, vulnerability and compassion into their messages and actions, making leaders more approachable and relatable, inspiring their teams and inciting trust. The board can play a critical role in overseeing these strategies and set a clear, compelling and consistent tone from the top.

## Tapping a larger talent pool

In many cases, employees can now choose where they live independent from where they work, enabling organizations to tap into larger talent pools to find the right skills for open positions. Some employees working from home may need to live close enough to the office to come in as needed, while other employees may work from anywhere, with the employer paying the costs to bring that employee to the office periodically. Either way, this flexibility provides strategic opportunities to broaden talent searches, diversify talent across numerous dimensions and expand working hours across time zones.

Alongside flexibility in work location, regulatory and legislative challenges are increasing and creating risks that need to be addressed. For example, employees may unknowingly trigger tax residence and associated income tax obligations by working in another jurisdiction. Employers also need to consider domestic regulations and laws applicable to cross-border remote workers.

**9 out of 10**  
employees want flexibility in where  
and when they work.  
*The EY 2021 Work Reimagined Employee Survey*

To manage the associated tax risk, organizations will need policies in place with a predetermined approach to establish operating parameters and controls. The board can support management in taking advantage of new employee liquidity, while overseeing that regulatory and legislative requirements are addressed.

## Conclusion – embracing new ways of working

A year after the pandemic began, corporate leaders are shifting gears from immediate crisis response around health and safety to longer-term ways of reimagining the future of work. Boards will play an important role in helping management challenge their own biases and traditional views of work and embrace a flexible work environment to address changing stakeholder expectations and achieve optimum performance, efficiency and competitive advantages in the

search for talent. Boards can also help management think through how to communicate the company's work culture and flexibility to maximize the impact with the company's stakeholders and brand. Moving forward, it is important that companies challenge traditional working models, stay flexible, listen to their employees and adapt to seize strategic talent opportunities.

## Questions for the board to consider

- ▶ What is the role of the office in today's working environment?
- ▶ How can new ways of working accelerate the company's strategy?
- ▶ How are the company's culture and ways of working attracting and retaining talent as employee expectations evolve?
- ▶ How is the company using collaboration tools and technology to enhance the employee experience and support the desired culture?
- ▶ How is the company taking advantage of talent liquidity in the work-from-anywhere environment? And how is the board monitoring legislative and regulatory developments related to employee workforce location?
- ▶ What metrics are the board reviewing around employee satisfaction and contributions?
- ▶ How is the company refreshing its view of productivity?
- ▶ How has the company changed its approach to employees physical, financial and mental well-being? What are the longer-term impacts on the employee experience?
- ▶ How are formal and informal incentive, recognition and reward systems changing?
- ▶ Has management changed the frequency of measuring the health of the firm's culture and levels of employee engagement? What early warning indicators would signal a problem?

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