



REMOTE WORK – AN INTERNATIONAL AND EUROPEAN PERSPECTIVE (Part I of II)

REFLECTION PAPER

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Introduction: it is not just about Covid-19

Many things have already been said and written recently across multiple fora on the expected post-Covid 19 world of business and Remote Work arrangements. ‘Yes’ or ‘no’ to work from home / working from afar, social distancing vs. end of limitations, productivity considerations and sales / supply chain disruptions, ‘hybrid’ presential-non presential models, new ways to conduct meetings and workflows, people resiliency and physical / mental health, changes in consumer behavior and social mores, cultural, tax and legal aspects, etc.

Yet amidst all the above, we might sometimes forget that, however serious and impactful, **Covid-19 and Remote Work discussions have brought broader questions on Business, People and Rewards management to the forefront** – which compound when we are discussing all this from an international perspective.

World geopolitics - new US presidency, Brexit, China/India/Russia movements. Seemingly “permanent” low interest rates and relative deflation and then suddenly inflationary risks in the advanced economies. Scramble for strategic resources, and growth vs. stagnation of different developing countries. Shareholder activism and



Corporate Governance. Complexity of Financial markets and newer, strong investor groups. Regulation, ESG, D&I and sustainability concerns. Retirement of Boomers and Gen-Xers slowly happening and growing prevalence of Millennials and Gen-Zers... All of that is having an influence on how we intend to conduct modern business.

But what arguably emerges as the most important factor affecting workplaces now and most likely going forward, together with the Covid-19 situation, is the **Digital Transformation waves and related Future of Work questions affecting all kinds of enterprises**. As the World Economic Forum reminds us in its well-known "[The Future of Jobs Report 2020](#)":

- 43% of companies will reduce workforce by 2025; 34% will expand workforce; 41% will increase use of specialized contractors.
- Still, 97 million "new" jobs will be created, vs. 85 million "old" jobs displaced.
- Skills gaps will continue to be high, as in-demand skills across jobs change in the next five years: critical thinking and analysis, problem-solving, etc.

In this regard, AI/ML/DL/NLP, Cloud services and mobile apps, Social Media, Blockchain tech adoption and cryptocurrencies, 5G, AR/VR, Agile methodologies, networked/open-sourced work approaches and alliances, the start-up ecosystems, the "gig" economy, are all **changing the way we produce and sell goods and services across the world, and how we attract, retain, motivate, engage, and inspire workforces**.

In this article, we aim to hopefully provide some helpful **insights for business and HR leaders trying to decide how far they wish to go with Remote Work, with an international viewpoint**. We will focus our comments on Europe, but without losing a global or other world regions' perspective.

A reference to Europe (1) – in several ways, not that different

We could say that in Europe (Western and Eastern, EU or non-EU countries), **the contextual business management factors commented above are not radically different in themselves from other places in the world**. Thus, now we are seeing:

- Asymmetric recovery from the Covid-19, depending on European countries in question, industries, and company model.
- Reflections among top management over allowing wider Remote Work from now on – or not.
- Gravitation towards geographically distributed teams.
- Care about employee wellness, resilience, and mental wellbeing.
- Attention to compliance, tax & legal issues – personal income and corporate taxation, immigration and visas, cross-border moves and conditions, social security, benefits, and pensions – inside and outside Europe.

- Rewards' localization and debate on how to apply it – reduction of Compensation levels, application of differentials vs. separate structures, etc.

We will analyze the first two points further down in this article (Part I of II) and keep the last four points for a Part II of II of this mini-series, where we will also try to offer some aggregate conclusions on Remote Work and possible steps companies can take.

But any case, notwithstanding the above, there are some specificities in Europe that should most likely be considered when discussing Remote Work configurations.

A reference to Europe (2) – existing specifics

As can be seen in the article “[A complete guide to remote working in Europe | cities, jobs and tips](#)” (careergappers.com), “countries in Europe frequently rank among the world’s best for the factors that facilitate a good remote working environment. Perhaps most importantly, **European nations have some of the most progressive attitudes towards remote working**”.

True enough, “**the Netherlands and the Nordic countries were the first in the world to embrace flexible working**. Finland, for example, has had a flexible working culture for decades. Before the pandemic, people in the Netherlands were more than four times as likely to work away from the office regularly than people in the USA”.

This means that, **in Europe, both by cultural and even legal requirement, Remote Work and flexible work arrangements have been a part of Rewards and HR management for quite some time already**. By law or collective bargaining agreements, pay for time not worked, maternity leaves, number of vacation days, and the like, are usually more generous than in the US or other world jurisdictions. Culturally, it is frequent expectation in several countries that companies offer flexi-time / flexi-weeks, part-time work arrangements, sabbaticals, etc., as opposed to pure monetary rewards.

Having said this, **it is important to remember that, after all, Europe has large differences inside, concentrated in a relatively small world region** – you have the UK and Switzerland (and Russia) as quite unique entities, and then the EU; you have the Euro, but not everywhere; you have larger and smaller EU countries; you have the Western European countries (Northern and Southern) and the former Eastern Bloc... all of those, with their own characteristics. Consequently, even with further and further integration, **managing Reward and Human Capital in Europe requires regional / local expertise – sometimes, even inside one single country**.

However, how are the European companies going through the current times overall ? How are Covid-19 and other factors affecting Remote Work ?



Asymmetric recovery from the Covid-19

In our own Zereon Associates study “[Total rewards change in global companies under Covid-19 and beyond](#)”, by aggregating data from different sources, we identified **three main types of companies**: the ones that are **Flying or Taking off**, the ones which are **Holding up or even Regaining ground**, and the ones that have been **Deeply affected** by the Covid-19 crisis.

Roughly speaking, **we could say that most Western European companies have been deeply affected, whereas Eastern European ones have fared better / reasonably held ground** – but obviously this has depended on the industry and specific company:

- Advanced Tech, Pharma & Healthcare, Wealth Management, Online Entertainment & Shopping, Online Banking, Proximity Shopping & Grocery Retail, Renewable Power Generation, have performed quite well.
- Telecom, Construction, Food & Beverage, Commodity Trading, Extractive & Agribusiness have tried to hold up.
- Airlines, Hospitality, Open-Air Entertainment / Sports, traditional Banking, and the like have suffered greatly, in some cases going close to technical bankruptcy.

The companies that are Flying or Taking off are seemingly preparing truly for the Future of Work – that is, **placing Remote Work arrangements into the context of broader and more systematic workplace transformations, especially digital ones.**

The other companies, either the ones Holding up / Regaining ground, and the ones that have been Deeply affected, are more of a mixed group – measures range from pure work time reduction, restructuring and/or labor cost cutting, to taking the chance to add organizational improvements, to genuinely going for business and HR Management transformation along the Future of Work lines.

Companies like Shell, Unilever, Allianz, Sodexo, SAP, Thales, Ericsson, Philips, Telefonica, Sanofi, Air Liquide, Siemens, Novartis, Nestle, Zurich AG, Schindler, Adecco, Airbus, Syngenta, Novo Nordisk, DSM, UBS, Credit Suisse, and so many others, have all been looking for their own respective solutions to the challenges ahead.

But oftentimes, the specific issue of **Remote Work** is having **plenty to do in practice with the executive leadership or top management team view on the topic.**

Reflections among top management over allowing wider Remote Work from now on

In general, **some large European companies (and many of the smaller ones, but not the startups), may be reluctant to maintain extensive Remote Work** as the Covid-19

situation slowly fades. **But most of them seem to be quite willing to allow it, at least to a certain extent – the “hybrid” approach.**

A case in point by one major European player, notable for being made publicly explicit by their top management with resounding international echo, has been the Deutsche Bank – see Business Insider’s [“Deutsche Bank says it will let staff work from home 3 days a week when offices open”](#).

The bank intends to let staff, numbered in the dozens of thousands, **work from home for up to three days a week**. According to the bank’s CFO, “it’s a range of 40 to 60 percent, we think, of flexibility”, adding that actual return to offices will be “location-specific” and that WFH “will really be up to the employee, but in a structured way with the manager, so we know when people are expected to come to the office”.

In an internal employee survey at the bank, **90% of employees said they wanted the chance to work remotely after the pandemic** – and management seems to have listened. However, questions would be: **can that kind of Remote Work directly be adopted in other businesses ? Is not this specific for that company ?**,

One point to consider, apart from the fact that the bank has recently posted good business results after a somehow difficult recent past, is that **there has been some push-back even within the industry**. For example, according to the BBC in [“The bosses who want us back in the office”](#):

- The UK’s Barclays Bank CEO described remote working as a “short-term measure that was not sustainable”, and that “it will increasingly be a **challenge to maintain the culture and collaboration** that these large financial institutions (...) should have”.
- Out of Europe, famously and even more radically, the Goldman Sachs CEO stated that “it’s an aberration that we are going to correct (...)”. Even if admitting the pandemic had helped push digitalization and more efficient business, he worried over impact on internal cooperation and his company’s 3,000 new starters: “I do think **for a business like ours, which is an innovative, collaborative apprenticeship culture, this is not ideal for us**”.

For sure, the Deutsche Bank initiative has been met with skepticism in some quarters – as in efinancialcareers.com’s [“Morning Coffee: Deutsche Bank’s work from home rule has a serious loophole”](#): “Deutsche is unlikely to be the only one with the 'line manager permitting' clause (...) Everything from paternity leave to protected weekends to casual dress codes has a history of being announced with great fanfare (...) and then taken back with little disclaimers like “agreed with your line manager” (...) “.

And going further, “In bull markets, employee perks proliferate. In bear markets, (...) managers have to deal with (...) realizing that there is very little they can do (...). So as long as the Q1 performance levels continue, the 40-60% range might be sustainable. As soon as the cycle turns (...) this could set up a paradoxical situation (...) where banks find themselves having to buy back all the office space they (...) had been able to right-size”.

Outside the banking industry and Europe and even if it is hi-tech, Alphabet CEO Sundar Pichai also said that Google plans to strongly invest in offices and data centers this year. “Coming together in person to collaborate and build community is core to Google’s culture, and it will be an important part of our future” - expecting employees to work in-person for at least three days a week after returning to offices on September 1st.

So, as we can see, **top management perspective differs according to company situation and personal views**, but despite criticism, **Remote Work has advanced and is certainly on the decision makers’ agenda**.

Finale (Part I of II)

In the next Part II of II of this mini-series, we will be commenting on geographically distributed teams, care about employee wellness, compliance, tax & legal issues, and Rewards’ localization. We also attempt to share some aggregate conclusions on the overall Remote Work topic, and possible next steps for companies.

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