Working remotely • Can employers pay you less? | **B3**

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The success of flexible work arrangements was always predicated on reconciling both organisational goals of innovation and enterprise growth and individual objectives of fair employment and a fulfilling job. Firms should therefore proactively draw up a clear blueprint for such arrangements, which would guide pay differentials, so more workers can access them while still meeting organisational expectations, says the writer. ST FILE PHOTO

Can employers pay you less if you insist on remote working?

A blueprint outlining expectations, standard operating procedures, performance appraisal and training can take the sting out of flexible work arrangements

Kang Yang Trevor Yu

There was once a time when a job meant working at a fixed location, a company office, and a standard nine-to-five schedule five days a week.

These days, flexible work arrangements (FWAs) have emerged as a key defining characteristic of the contemporary workplace, after the Covid-19 pandemic birthed mass telecommuting out of necessity.

It might be surprising that such arrangements continue to feature prominently, even after most restrictions on returning to workplaces were lifted more than a year ago.

Yet, several signs indicate remote working will persist and eventually become a fixture in our modern employment landscape.

Employers by and large have jumped onto the bandwagon, making the practice a key part of their employment value proposition.

For employees, the increased freedom and autonomy to decide where and when they work, and how to juggle family responsibilities and other personal interests during the traditional work week, mean such flexibility may soon be non-negotiable in most employment contracts.

The Singapore Government also sees FWAs as key to helping people achieve work-life harmony, and thrive in their professional and individual pursuits.

THE REMOTE WORK CONUNDRUM

Despite the broad-based push for FWAs, the rise of remote working continues to be plagued by thorny challenges.

Disrupted workflows pose obstacles to fostering communication and coordination among and across teams of individuals operating on different work schedules, fuelling greater difficulty in monitoring and evaluating performance.

Slower responses and lower creative output can seriously hamper innovation and productivity.

Combined, these present tough choices to managers in managing in-office and remote workers.

A chief complaint among firms' leadership is the erosion of company culture, which they believe has compromised collaboration, co-creation, problem-solving and a common identity among their people.

Employers are thus left in an unenviable quandary: Keep offering remote work as an option, but try to convince their workforce that coming back to the office is preferred.

Enter pay differentials for remote and in-office workers.

The plan is straightforward: Those who return to the office full-time are paid more than their counterparts who continue to work remotely.

Although this policy can seem like a brazen attack on remote workers, there are sensible grounds for its adoption.

Remote workers have fewer expenses and do not require generous compensation.

Their positions are typically less central to the core functioning of the business, and they are usually assigned tasks involving few management responsibilities or key cross-team projects.

WITHIN AN EMPLOYER'S REMIT

Businesses around the world have experimented with schemes applying a differentiation between office and remote workers.

Google in 2021 not only reminded Googlers their salaries could be affected if they chose to continue working remotely, it created a calculator to show the size of a likely pay adjustment.

Similar cuts have been explored by other tech giants including Meta, Twitter and Amazon.

In reality, most companies have implemented such two-tiered systems without necessarily resorting to pay cuts, choosing instead to impose limited pay raises for remote employees compared with their in-office counterparts.

The pre-pandemic policy of location-based pay in the United States has also allowed many companies to pay workers who have moved out of Silicon Valley – where the costs of living are higher – less.

Although such schemes have not caught on in Singapore, companies here could well experiment with similar practices.

After all, pay still serves as a powerful tool for firms to direct employee efforts towards strategic objectives by signalling to their workforce what behaviours are valued on the job.

If being in the office and physically around co-workers best creates the synergy for generating the best ideas, delivering the best service and producing the highest productivity, then encouraging such behaviour through compensation and benefits is within employers' remit.

By biting the bullet, such employers also signal to the job market that only individuals comfortable with at least some in-office work within a hybrid workplace need apply.

COMMON PITFALLS

Will such pay differentiation go against Singapore's recent push towards FWAs, especially with the Government's requirement for companies to consider staff requests by 2024?

In all, a clear policy towards remote work can assuage anticipated negative reactions to possible compensation differentiation involving remote workers, and help those considering remote work understand how both remote and in-office work factor into the overall employment experience in a modern hybrid workplace.

I would argue such practices in principle would not appear discriminatory towards any particular group of workers, given that the primary drivers are the organisation's need to sustain organisational culture and incentivise work-related behaviours.

The success of FWAs was always predicated on reconciling both organisational goals of innovation and enterprise growth and individual objectives of fair employment and a fulfilling job.

Companies should therefore take proactive moves to draw up a clear blueprint for FWAs, which would guide pay differentials, so more workers can access them while still meeting organisational expectations, bearing in mind three common pitfalls.

First, at face value, pay differentials can be easily construed as some sort of punishment for those needing more flexibility at work.

Potential job seekers may then associate the company with a lack of progressive human resource practices amounting to treating remote workers as second-class employees, with negative consequences for a company's image, employer brand and ability to attract talent.

Second, pay differentials may send unintended signals to managers and employees that the company values physical presence over the quality of work produced.

If internalised and practised, a dangerous culture of presenteeism can have unhealthy consequences for productivity, employee well-being, and ultimately talent retention.

Third, employers should exercise care to ensure groups like persons with disabilities or people with caregiving responsibilities who work remotely out of necessity rather than preference are not disadvantaged.

A BLUEPRINT FOR FLEXIBLE WORK

To mitigate these risks, employers should have a clear policy for their hybrid workplace, with explicit rules and guidelines that provide clarity on expectations and the underlying principles setting forth how the organisation envisages remote work to function alongside in-person work.

These principles should serve to guide and justify compensation differentials involving those working remotely and the rest of the workforce in four ways.

First, such a policy should set forth eligibility criteria determining what job families can allow remote work. Not all will be suitable, especially those involving manual or physical activities, the use of fixed equipment, or face-to-face interaction with customers.

Second, the policy should articulate standard operating procedures guiding workflows between remote and in-office personnel.

Lines of decision-making authority – whether centralised, decentralised or collaborative – should also be specified.

They should cover how projects will be staffed, working hours and workflows, and how technology will be used to facilitate communication.

Third, companies need a clear performance management framework outlining how performance will be tracked and assessed for remote workers, including articulating any new mentorship responsibilities supervisors now have and metrics to facilitate check-ins with remote workers.

Where remote workers fall short of expectations could establish a basis for any compensation differentials.

Fourth, the policy should outline a road map for relevant training and development. The reality is that employees need to learn how to be effective at asynchronous work, including figuring out how to work effectively as a virtual team.

In all, a clear policy towards remote work can assuage anticipated negative reactions to possible compensation differentiation involving remote workers, and help those considering remote work understand how both remote and in-office work factor into the overall employment experience in a modern hybrid workplace.

Having one serves as an important first step towards fostering an inclusive organisational culture, where both in-person and remote work are valued so that employees of varied preferences and commitments can thrive and can all be considered integral parts of the company's workforce, while avoiding complaints of unfair treatment.

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