

Case study of PwC: The implementation of permanent remote work poses potential threats on employees' mental well-being and highlights the need for adaptive leaders in remote environment

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Abstract. The Covid-19 pandemic has promoted the implementation of work-from-home (WFH) in all fields, and many organisations are expecting hybrid or even permanent remote working to continue post-pandemic. With this complete change in working style, some employees struggle to adapt, which results in adverse effects for both individuals and organisations. With more reports illustrating higher burnout risks and critics of productivity when working from home, people's awareness of employees' mental health has risen. This report's objective is to identify the existing problems with PricewaterhouseCoopers (PwC) remote work strategies and provide insights for PwC and other organisations that plan to implement permanent remote work to understand the importance and solutions of these problems, mainly reducing employees' burnouts, lack of innovation and lack of supportive environment. Also, this report aims at helping employees adjust to changes in working status and maintain good mental health. This report will analyse findings from PwC surveys, including quantitative data from closed questionnaires and qualitative data from interviews. By comparing the pre and post covid pandemic results and the score gaps between employers and employees, this report identifies three major problems PwC should address for working from home. According to the survey, the report has found that problems that need to be prioritised for PwC are high burnouts, low innovation, and unsupportive environments when working from home. Reasons for declining mental health in PwC relate to employees' failure in detaching, setting boundaries between work and personal life, lack of flexibility in working hours, and managers' assistance in managing workloads. The nature of working from home creates barriers for employees to interact socially with each other, thus resulting in lower inspiration. Moreover, the increase in distrust between leaders and managers and the absence of actions of many managers create an unsupportive environment for employees. Therefore, this report accesses PwC's newly established strategy for reducing burnout rate and identifies the limitations and alternative methods. Moreover, this report offers practical solutions to increase innovation and trust from employees during remote working with rationales behind the suggested solutions explained. Therefore, the report provides specific guidelines for PwC to improve on for better WFH prospects.

Keywords: Remote work; work from home; mental well-being; productivity; Covid-19.

1. Introduction

Remote and hybrid working has become the major solution businesses employ to deal with lockdowns during the Covid pandemic, which may continue to be a trend after the pandemic. Conventional practices to maintain business activities include videoconferences, company iCloud system, personal networks, etc. Intuitively, remote work can bring tremendous benefits to employees and the business. Working from home saves transportation time and cost for employees and raises the flexibility of daily schedules. On the other hand, employers' benefit from the reduction in workspace and expansion in the pool of workers to choose from, which reduces operating costs and raises productivity. However, many problems result from working from home, and the success is limited by certain factors that need to be tackled, or else the adverse effects may harm both employees and the business significantly. One of the main concerns about working from home relates to employee mental well-being. During remote working, many employees feel isolated and not

supported or not part of the organisation, so some of them struggle to balance their work and personal life, feel less motivated to work or procrastinate heavily. Worse still, it is more difficult for managers to supervise employees' activities and progress, and there is an increasing distrust between the two, thereby more likely to reduce productivity. As a result, studies in creating a supportive environment for employees' well-being and productivity are worth carrying out. This report aims to focus on the effects of remote work on employees' well-being and productivity in PwC (PricewaterhouseCoopers) by identifying current problems and obstacles hindering remote work's further development. Moreover, this report provides practical solutions for employees and employers in PwC to maintain good mental and physical well-being and overcome difficulties working from home. The suggestions from this report provide insights for PwC to reflect on and improve its current strategies.

2. Main body

2.1 Case description

PricewaterhouseCoopers (PwC) is an international firm that provides professional assurance, tax, and advisory services as one of the big four accounting firms. It serviced over 80% of firms in the Global Fortune 500 and earned gross revenues of US\$45 billion in the fiscal year 2021[1]. During the Covid 19 pandemic, PwC implemented a permanent remote-working policy, which allowed 40000 US staff to work from anywhere in the country [2]. This policy has been unprecedented as PwC is the first in the industry to provide opportunities for full-time virtual work, only requiring staff who choose remote-working to visit the office three days per month to attend in-person meetings [3]. Remote working in PwC has shown significant success, approved by 83% of its employers [2]. From Figure 1 provided by the PwC US remote work survey, the prospect of remote working seems optimistic. However, this survey has also discovered that executives are more likely to report an increase in productivity (44%) compared to employees (28%) [4]. It is undeniable that potential problems exist that reduce workers' productivity, and clearly, PwC is not yet ready to discard office space entirely without solving obstacles. This report will analyse issues critical for PwC to address in the future.

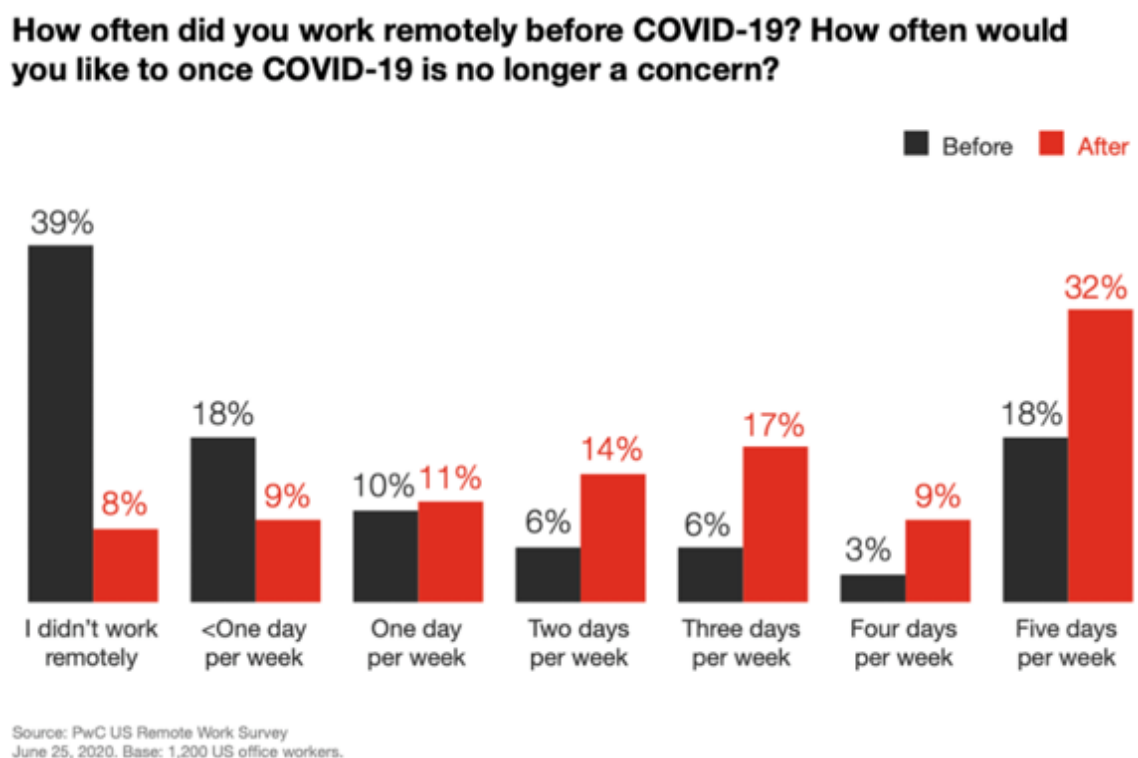


Figure 1. The frequencies of remote working before and after COVID-19.

3. Analysis

3.1 General problems of WFH in PwC

Although opportunities for remote working have resulted in an increase in productivity in the short run globally, it seems to be partially contributed by more burnout cases of employees, which led to a rise in global resignation [5] (Cristea, 2021). From the report of PwC, over 65% of its workers have reported declining mental health, and around 25% of employees at PwC UK who work from home experienced loneliness and isolation from the office, over 80% of employees do not take appropriate breaks during work, and around 30% of employees claimed that remote working worsened family relationship tensions and employees were pressured to respond to messages quickly [6]. Burnout risk is crucial for PwC to deal with as it is not only the exhaustion of overworking but is considered chronic workplace stress and may cause severe physical and mental diseases, such as high blood pressure, heart disease, obesity, depression, etc. [7].

3.2 Higher burnout risks

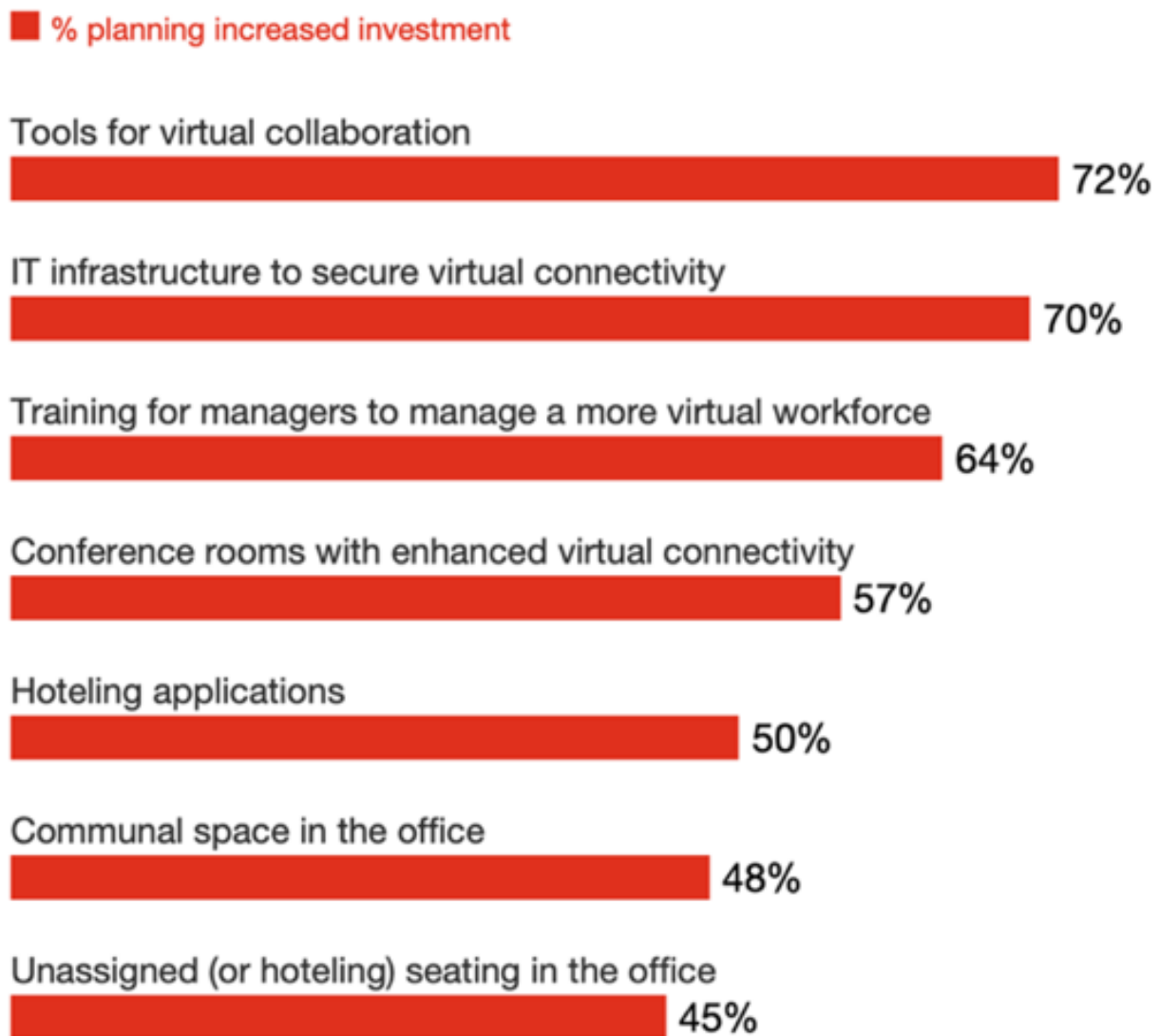
The primary cause of higher burnout risk is the inability to disconnect, which means failure to transfer from 'work you' to 'home you'. This has resulted from unclear boundaries among different aspects of your life. For example, there are social and physical indicators assisting the distinction but are missing now when working from home, such as work clothes and daily commute. Many workers abandon these habits because of convenience and laziness, which may harm their well-being and engagement in work [8].

Moreover, the difficulty in disconnection increases average working hours, leading to more resignations. Employees in PwC have shown obvious signals of demanding supports from setting boundaries between their personal time and work as the lines between them are blurry. In terms of statistics, 57% of its employees required PwC to offer greater flexibility in work hours in 2020 [4], and over 70% of employers doubted their effectiveness in balancing workload and personal time [9]. However, given employees' need for greater flexibility, only 57% of executives plan to improve their flexibility, 42% of the executives plan to set clear guidelines on when employees are supposed to be available, and 43% of the executives plan to help adjust employees' workloads [4].

3.3 Lack of innovation

The second problem of PwC during work from home is a lack of workplace inspiration. Chronic stress mentioned before can damage the functioning of the brain by influencing people's cognitive skills and neuroendocrine system [8], resulting in the brain turning on the 'survival mode' and harming people's ambitions and responsibility. PwC has reported concerns about workers' creativity and innovation [4]. One of the main reasons workers need to return to the office is because of the collaborative space it provides (50%) and experiencing obstacles in collaboration is the most prominent reason why workers in PwC feel unproductive (39%), followed by balancing work childcare (38%) [4]. From the survey, which asked US PwC workers for new areas to invest in, as shown in Figure 2, 72% of them chose tools for virtual collaboration, 57% chose conference rooms with virtual connectivity, and 48% chose communal space in the office. This suggests a strong desire for PwC to improve its current virtual collaboration.

Besides lacking collaboration space, pre-organised meeting is another potential factor that harms innovation. The strict organisation and clear intentions of pre-organised meetings improved efficiency but limited collaboration opportunities. From PwC surveys, around 51% of workers have attended more pre-organised meetings than before the pandemic, and 31% reported spending less time in small informal talks with colleagues, limiting random sparks of new ideas [10]. However, critics may argue that remote working can offer opportunities for people not used to speaking in a closed room or confronting a group of colleagues. Still, the results from PwC's survey represent the majority's ideas.



Q: How do you plan to change investment levels, if at all, in the following areas?
Source: PwC US Remote Work Survey
January 12, 2021. Base: 127 US executives

Figure 2. New investments to support remote work.

3.4 Lack of supportive environment

The third problem identified in this report is the lack of a supportive environment, thereby generating distrust between employers and employees [8]. Remote work makes reaching out more difficult than before and losing connection can result in distrust of others and activate the defence mechanism [8]. This is a significant problem raised in PwC. From PwC's survey, only over 30% of HR leaders believed there is a high trust between workers and their supervisors, and around 75% of them are not confident that the workloads are manageable enough for their subordinates to balance work and personal time [5]. Furthermore, there are significant gaps between the perceptions of employers and employees, as shown in Figure 3. The largest ones are on the effectiveness of supporting remote work with childcare and manager training.

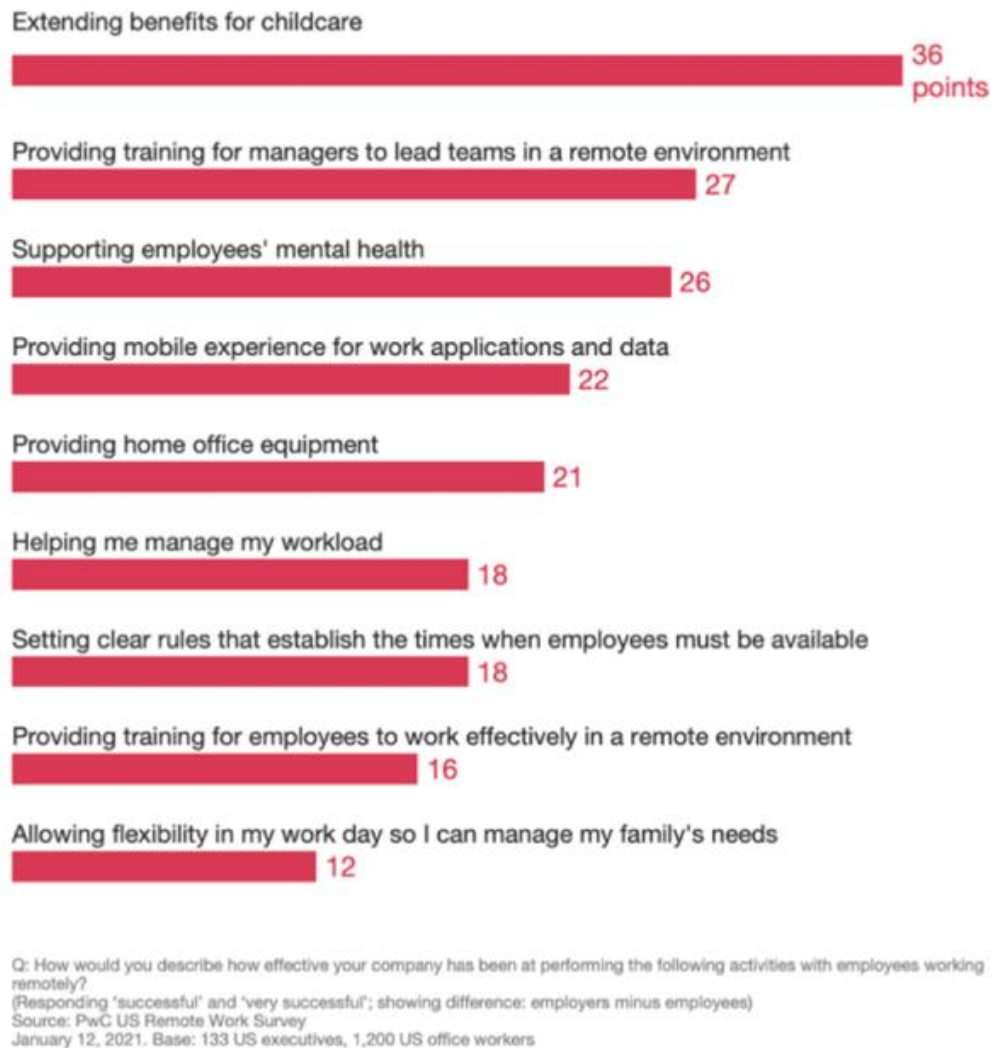


Figure 3. Gaps between employers and employees on certain areas.

Specifically, over 80% of executives believed PwC’s support for extending benefits for childcare is a success, while only 45% of employees reported the same. All these results have indicated that PwC should improve on its effective communication between leaders and subordinates to ensure the employees’ thoughts are validly considered.

From Figure 3, the two remaining problems in remote work of PwC include lack of tailored training for managers to adjust to remote work environment and support on home office equipment. In the next section, this report will advise how to tackle the main problems above from both organisation and individual levels.

4. Suggestion

4.1 Paid vacations

PwC have recognised some of the problems mentioned above and generated strategies to address them; however, there is still a lack of applications. To tackle the high burnout rate, PwC US and Mexico have announced that they will invest \$2.4 billion in improving employee welfare, including shutting down its office for two weeks per year in July and December to help employees’ recharge [11]. It can be seen as an effective policy for PwC offices worldwide in the future because research has shown that paid vacation is the main factor in reducing burnout [12].

However, the effectiveness may be ambiguous because some companies have found that employees take less time off in total as they cannot interpret what was expected without clear rules

[13]. To ensure its success, managers must be confident that employees are using this benefit properly and not returning to overwork. Whereas PwC has found that most leaders recognise the importance of manageable workloads and good work-life balance, many are not taking action to address the problem, as shown in Figure 4 [13].

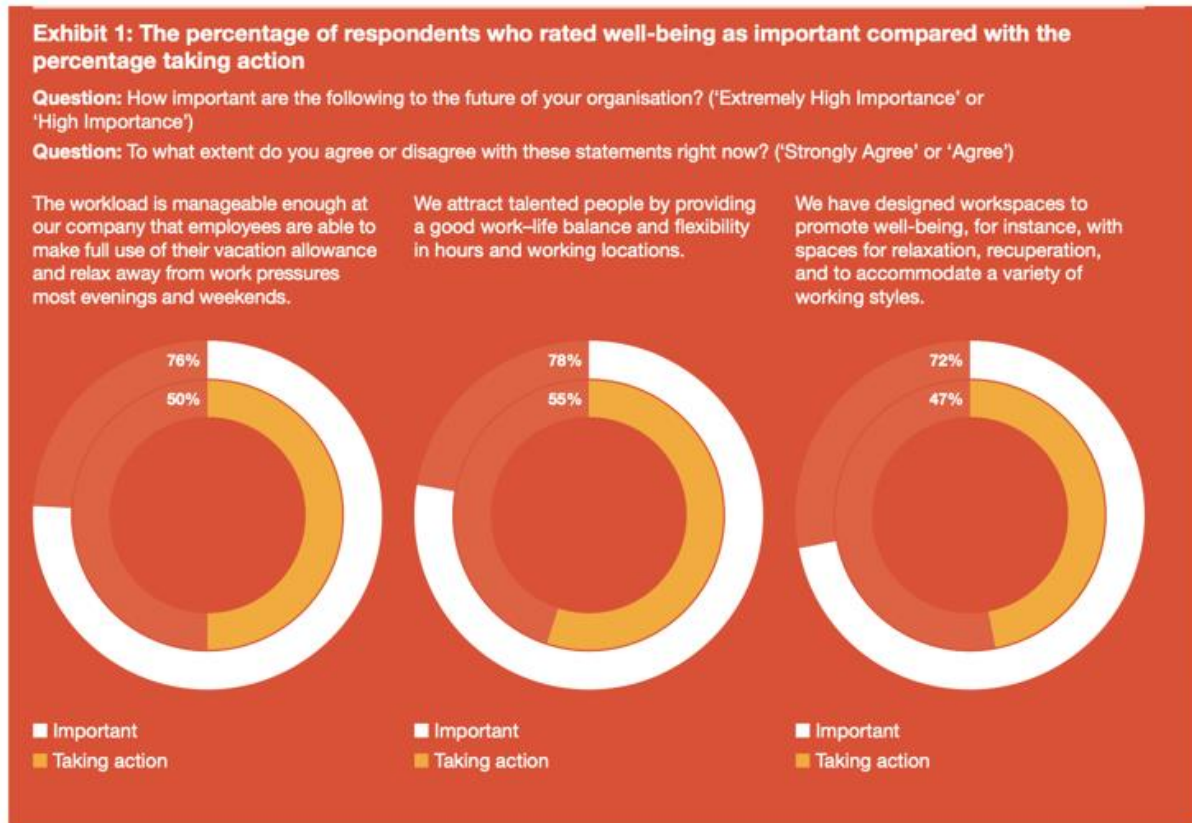


Figure 4. The percentage of respondents who rated well-being as important compared with the percentage taking action.

4.2 Alternative solutions to reduce burnout risks

Considering the misalignment of mindsets and behaviours of many business leaders, PwC can tackle this problem from two aspects. The first one is to tackle the root cause by targeting the provision of training more on its employees on how to adjust to working from home. This practice also fulfils workers' needs, as the survey indicated so that employees can fully understand the benefits and rationale behind breaks, thus responding accordingly without the strict supervision of managers.

The second solution is to encourage more physical exercise, as it acts as a preventative factor to reduce the risk of burnout [14]. PwC can incentivise employees to engage more in activities that help disconnect from work when working remotely, for example, via physical exercise tracking apps. Employers can initiate walking competitions, movement challenges, and others so that employees can see everyone's score in the app. Moreover, monetary incentives such as gift cards can be provided to weekly winners [14].

4.3 Encourage social bonds and interdisciplinary interactions

To address problems of lacking inspiration and innovation, PwC should invest more in virtual collaboration to encourage employees to build stronger social bonds with each other. A simple solution will be to improve its meeting structure by including more informal sessions before or after the pre-organised meetings to encourage employees to check in with each other. Also, providing more opportunities for employees in different industries to interact with each other on social platforms can further boost innovation. Research has found that individuals have a higher potential to come up with

innovative ideas when they study and network. Moreover, common knowledge increases when collaborating with people with diverse backgrounds [15].

4.4 Need for transformational leaders

A comprehensive solution to address the lack of a supportive environment will be providing more training to managers to better support employees during remote work. The training should foster transformational leadership (TL). Researchers discovered that TL helps form a trustworthy relationship between leaders and subordinates by enhancing bonding and reducing cynicism, strengthening employees' trust in organizational changes [16].

5. Conclusion

In conclusion, this report has analysed PwC's employees' mental health status during work from home and discovered three main problems for PwC to address based on key findings in its surveys, namely the higher burnout cases, loss of innovation and supportive environment, and discusses their potential causes and the reason why they are important problems for PwC to address. The analysis states that the high burnout rate during work from home is mainly contributed by the inability to disconnect, vague boundaries between personal life and work, lack of flexibility in working hours, and lack of assistance in workload management. The lack of inspiration is mainly caused by fewer social interactions, especially informal conversations with colleagues, and the rise in distrust between employees and employers results in a lack of a supportive environment for employees.

The report also assesses PwC's current testing strategy for addressing the first problem, recognises its prospect, identifies its limitations, and provides two alternative solutions for employees and employers. In the suggestion part, the report also offers solutions for PwC to invest more in virtual collaboration tools to encourage employee bonding and create more opportunities for interdisciplinary information exchange. Lastly, PwC should improve its managers' training and emphasise the need for transformational leadership.

This report gives insights for PwC to consider obstacles in promoting remote work in the long term and provides guidelines on future areas to invest in improving employees' well-being, thereby raising its concern about employees' needs more significantly. It will be beneficial for both PwC and its employees if the problems mentioned can be effectively solved, as employees will feel less overwhelmed and have a better sense of connection to the company. The company can also benefit from higher worker productivity.

This report has some limitations as it focuses on tackling the burnout of PwC employees. According to the survey (Figure 3), this report ignores employees' needs for better home office equipment, mobile experience for work applications and data, extending benefits for childcare, and regional differences in all findings. Further research on analysing and solving these problems should be conducted.

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