Goal Conflict or Goal Confluence?

The Paradigm Shift to Remote Working in the Wake of COVID-19

By Yigal M. Rechtman

This article reviews the paradigm of office work, as the traditional form has been disrupted by the COVID-19 pandemic that has required most employees to work remotely. The economic and behavioral shifts that have ensued are emerging due to new goals by various stakeholders. These stakeholders' goals are at times at conflict, at other times in confluence. While one dares not predict what the postpandemic business environment will look like—it is ever shifting with the course of the crisis—we do attempt to break down a major shift into viewpoints by stakeholders.

Generically speaking, a "goal conflict" is a state in which different parts of the system are working towards different goals and objectives. Goal conflict as it relates to the workplace has been defined as "the degree to which individuals feel that their multiple goals are incompatible" (John W. Slocum Jr., William L. Cron, Steven P. Brown, "The Effect of Goal Conflict on Performance," *Journal of Leadership and Organization Studies*, 2002, vol. 9, no. 1). The inverse of goal conflict is goal confluence. Goal conflicts are measured in different ways, such as by "externally imposed" regulation, by "multiple outcomes" while performing the same task, or by "trade-offs" among several tasks (e.g., selling several products in a limited time for the sale). Goal conflicts can be experienced as financial, emotional, or operational among the stakeholders within an organization, such as government, or interpersonal, such as spouses in a household ("Main Types of Conflict | Organisation," *Business Management Ideas*, https://bit.ly/2WnA4m9).

Preamble

COVID-19 was first identified in December 2019. The virus outbreak was declared a pandemic six weeks later, on January 30, 2020, by the World Health Organization. As the pandemic spread in the United States in March, various states and cities enacted measures that effectively required nonessential personnel to remain at home. As a result of the COVID-19 pandemic, a new and more robust "work from home" paradigm has been created.

Why 9 to 5? Why Work at the Office?

The industrial revolution of the 18th and early 19th centuries brought with its sunshine-lit factories. Working outside the home, and away from agrarian industries, meant a new type of socialization: the workplace (Robert E. Lucas Jr., *The Industrial Revolution, Past and Future*, Federal Reserve Bank of Minneapolis, 2007). Unlike farmers who preferred to work during cool hours, the working factory conditions created the requirement for working during daylight hours. In broad historical strokes, this is how the 9 a.m. to 5 p.m. workday came about. While sunshine hours extend before 9 a.m. and after 5 p.m., unions in the 1800s, culminating with Ford Motor Company, established an eight-hour shift that started at 9 a.m. The average American works about 8.5 hours per work day according to the Bureau of Labor Statistics ("American Time Use Survey Summary," June 19, 2019, https://bit.ly/392bk88).

With the advent of technology in the workplace, starting in the 1900s, the modern office began to appear in the United States. The telephone and public electricity became a must for any owner wishing to conduct business. The communication mode was expanded as inventions came about: the telegraph, typewriter, and main-frame computers followed by minicomputers were the advent of technology as a force for production of goods and services. Next came the digital revolution—the introductions of mini-computers as servers and workstations required every employee and manager to be part of the digital age (Klaus Schwab, "The Fourth Industrial Revolution: what it means, how to respond"; *World Economic Forum*, Jan. 15, 2026, https://bit.ly/30c6LEc). Fast forward to 2020, and data-focused service and production business are the mode de jour. We are currently in the midst of the "Digital Age," where data, information, data-focused processes, and data security are some of the anchors that were the mainstays of the economy in its latest cycle, before COVID-19. The freeze that the pandemic rendered on most economic activities—according to the U.S. Bureau of Economic Analysis, GDP dropped in January 2020 from a positive 2.1% to a negative 4.5% (https://bit.ly/3h0BuuD)—and the economic response to that freeze are all happening during the current digital age. Even without this freeze, cloud computing, and the scalability of resources made remote working a more acceptable option.

As a result of the COVID-19 pandemic, U.S. unemployment has soared. Most employed persons have continued to work in a modified fashion; some public-facing workers maintained their presence, many private and public workers became "remote" workers in various ways. According to the U.S. Bureau of Labor Statistics, between 2005 and 2015, the number of U.S. employees who telecommuted increased 115%, to 26 million (Zara Adams, "The Future of Remote Work," https://bit.ly/2WBWgJl). While the ability to telework is biased towards more affluent and more service-oriented sectors, 44% of all workers, roughly 50 million Americans, have been able to telework during the pandemic (Bureau of Labor Statistics, https://bit.ly/30plefY, Table 1). As this changing pandemic landscape became evident, stakeholders developed a sense of which benefits and challenges they are experiencing due to this change in the mode of operations.

Any attempt to understand this remote-working mode should be analyzed with respect to the effect of these workplace changes on these stakeholders:

- Employees,
- Contractors,
- Employers,
- Governments and regulators,
- Investors, and
- Creditors.

Exhibit 1
Pros and Cons of Working from Home for Stakeholders

	Remote Work		Return to Office	
	Pro	**Con**	**Pro**	**Con**
Employees	Some employers compete for adaptability	Lack of personal contact and regular schedule, risk of compensation adjustments	Return to a "new normal"	Commute, work-life balance, COVID-19 risks
Contractors or consultants	Flexibility not restricted by geography		Business development opportunities	
Employers	Some employers compete for adaptability	Ratio of fixed costs per employee rises, security concerns as the "perimeters" expand	Ratio of fixed costs per employee drops, Access to remote talent	Compliance with new regulations, safety, OSHA
Regulators/ Government	Reduced COVID-19 risk	"Commuter states" compete with "office states"	Economic growth; return to full employment	Inconsistent federal and state regulation
Investors	Opportunity to reevaluate fundamentals and covenants	Uncertainty about survivability and work force retention	Return to known, predictable key performance indicators (KPI)	Underlying changes in attitude and workforce may not be visible in financial performance.
Creditors	Cost drives change: Opportunity to reevaluate fundamentals and covenants	Cost drives change: Revise debt covenant to achieve realistic approach to profitability	Cost drives change: Revise debt covenant to achieve realistic approach to profitability	Cost drives change: Opportunity to reevaluate fundamentals and covenants

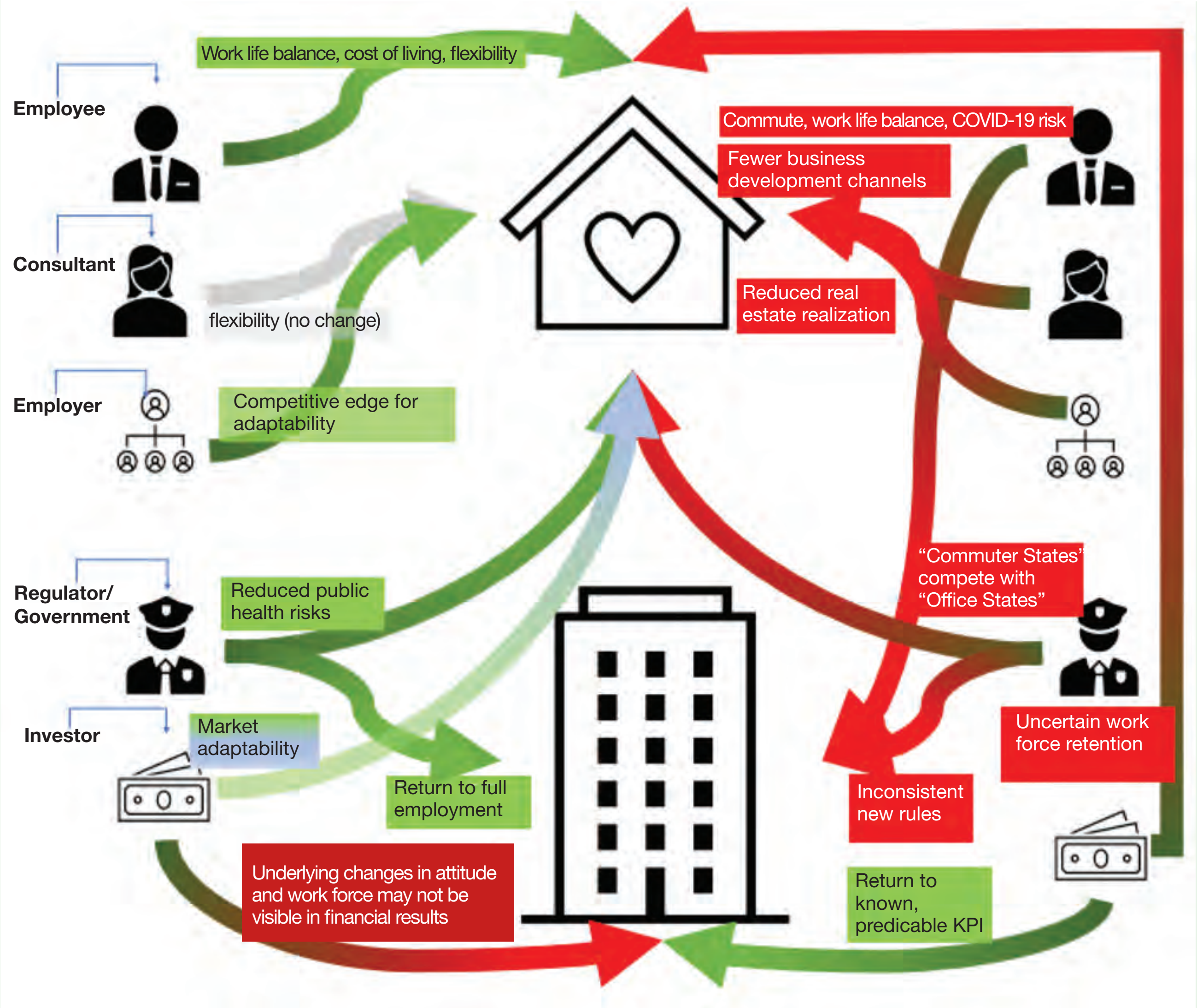
OSHA=Occupational Safety and Health Administration

The author's analysis revolves around the current understanding of the marketplace. These assessments could be subjective at times, as little direct studies have been done on the effects of the pandemic in the United States.

The following issues, discussed in relation to the various stakeholders, may appear to be in play due to the COVID-19 pandemic.

Working from home has been a common response to the pandemic. (Working at home is discussed below.) For many office workers, this solution entailed proceeding with their work at a temporary set up an office-at-home location. Remote working included rerouting of phone calls, virtual meetings by video conference, and the ubiquitous use of e-mail and cloud-based document

Exhibit 2
Benefits and Challenges for Stakeholders



sharing. While working from home is an emergency mode of operation, it has the drawback of breaking certain formal rules of engagements; peering eyes into workers' homes during video-conferences; and competing needs from spouses, children, and others in the household sharing space with a virtual office. Privacy concerns about employer surveillance is also on worker's minds ("Managers turn to surveillance software, always-on webcams to ensure employees are (really) working from home," Drew Harwell, Apr. 30, 2020, https://wapo.st/3fOOm70).

Working at home is a more thoughtful change, or enhancement, whereby workers are assigned to work from home. The federal government has been sanctioning this mode for some years now, with mixed success, mostly due to the requirement of "monitoring activity" ["Workplace Privacy and Employee Monitoring," Privacy Rights Clearing House, March 1993 (revised March 2019) https://bit.ly/2ZA9Ka9]. Working from home is a strategy, not just a tactic. Workers who are best suited to participate are those whose physical presence is not required to perform the job. In accounting, tax accountants and consultants are strong candidates for that list. Auditors who are required to have more direct access to clients are less suitable to a permanent "work-at-home" setup.

Cost of living is shifting from workers and managers who prioritize their commute to a central office or headquarters, to workers who are primarily concerned with space in their home and internet connectivity. This may create preferences for more remotely located population centers that are semi-urban, as opposed to suburban residences that are near highways or urban residences that are near public transportation and come at a premium cost of living.

Work-life balance is a delicate and complex calculus that also changes over the tenure of workers and managers. Work-life balance depends upon multitude of variables: responsibilities, success factors, personality, personal life choices, and age are some of the factors that change the calculus of attaining a healthy work-life balance. The aforementioned cost of living is also in conflict with the ability of people—workers, managers, vendors, customers—to socialize, whether at public places such as parks or elsewhere, for a more balanced life style.

Compensation is a factor that may have not yet caught up with the workplace changes wrought by COVID-19. In some industries, companies have declared that remote workers may have their compensation adjusted based on perceived cost of living. The main cost driver in this estimation would be the area in which workers live and work from. For example, Facebook announced that it may adjust wages for those employees who "leave Silicon Valley for areas with cheaper cost-of-living" (Lauren Frias, "Mark Zuckerberg Said Facebook Employees Who Move Out of Silicon Valley May Face Pay Cuts," *Business Insider*, May 21, 2020, https://bit.ly/2CL2aR1).

Rent and occupancy for most businesses is a fixed overhead cost. By allocating the occupancy cost—whether rented or owned—among production units, business managers know the utilization and realization that real-estate asset produce. That "realization rate" has been squeezed by changes, however. What was taken for granted 20 years ago, the prevailing expectation from baby boomers who saw the 9-to-5 paradigm as a minimum, is now increasingly seen as irrelevant by millennials. As baby boomers retire, millennials have little investment in the traditional office mentality and are more transient in their careers than ever before (Karen K. Myers and Kamyab Sadaghiani, "Millennials in the Workplace: A Communication Perspective on Millennials' Organizational Relationships and Performance," *Journal of Business and Psychology;* March 2010; Amy Adkins, "Millennials: The Job-Hopping Generation," *Gallup Business Journal*, https://bit.ly/3fDzjN6). This lack of loyalty to the physical presence of a workplace by a large swath of the workforce, combined with stay-at-home requirements during the COVID-19 pandemic, highlights the yawning gap between the occupancy cost realization, and the realizable ratio of occupancy cost, and other fixed overhead costs, such as insurance. To achieve better results, occupancy costs may need to shift from office-at-work to office-at-home costs. Some companies are experimenting with sharing costs for employees to modify their personal homes to a primarily at-home mode (Annie Nova, "Working from home? You might be able to expense a new desk," CNBC, June 3, 2020, https://cnb.cx/2WqPuG0).

Business development represents a mixed bag due to the COVID-19 pandemic and the post-pandemic reality that is yet to follow. The traditional business development model that has required in-person acquaintances has been suspended, while alternatives are rising. The "screen real estate" of professional workers—managers, employees, vendors, customers, and consultants—is full of messaging that is simply restrictive in terms of the signal-to-noise ratio. There is only so much screen space, which can only transmit so much information. The absence of the handshake, the facial expression, and the personal connection makes many wistful for the business development of yore. In the main, the advice given to most professionals (Art Kuesel, "5 Steps to Keep Business Development Alive in the Pandemic," *Accounting Today*, https://bit.ly/32lyq8h) is to build on existing, prepandemic goodwill capital. This may be helpful for some business leaders, but others cannot take this advice if their prepandemic network is small. It remains to be seen how the business development realm will adapt.

Compensation is a factor that may have not yet caught up with the workplace changes wrought by COVID-19.

What Do Stakeholders See?

Exhibit 1 summarizes the perceived and expected changes for the various stakeholders in the post-pandemic paradigm. Some of these pro and con factors are self-explanatory, whereas others are more nuanced. The exhibit does not purport to be a definitive description of factors or stakeholders; rather, it is intended to lay the framework for a discussion by various stakeholders about their unique perspective and understand the possible viewpoint of other stakeholders.

Employees who are affected in multiple ways from working from home have a large stake in the competing needs: they are the ones who could gain or lose commuting time, have their wages adjusted depending on their place of abode, and feel the emotional effects of "remote" connectivity to co-workers and managers. Remoteness could increase employees' overall buying power while working at home. This buying power is not a given; to mitigate the low realization of real-estate footprints, employers may assess their ability to reduce compensation based on an employee's relocation to places with cheaper rents. Relationships among employees is a critical part of the workplace experience; that too is likely to change because of the change in the physical perimeter of the workplace.

Contract labor and consultants, which generally work on a per-project or per-diem basis, are likely not going to see a major change in their flexibility. What they may be negatively affected by is their ability to drive business and develop new business. Because the remote work mode is less sensitive to physical presence, contract laborers and consultants who are not bound by an employment relationship could experience more flexibility in attaining work that is geographically remote. While some CPA firms already have some maturity in this regard for overseas tax return preparation, this trend is likely going to expand to other tax and consultancy services.

Employers that experience a reduced utilization of their formal offices or headquarters will also experience a decreased realization of fixed costs (e.g., rent, insurance) as allocated on a per-employee basis. This may drive employers to consolidate their real estate footprint and allocate funds to support work-from-home efforts. By contrast, a utilization of office space increases the perceived realization by employer. Ancillary costs may also vary depending upon the office's occupancy rate: supplies, travel, and even internet expenses may change depending on the employers' footprint. Access to talent outside a specific geographic area also may be a boon to employers.

Regulators and governments are also an important stakeholder in this system. Regulators may be relieved that fewer people are traveling to work, reducing congestion and the likelihood of COVID-19 infections. At the same time, regulators may see reduced taxes and fees from gas and tolls, and overall economic activity may be reduced (or shifted to other localities) when workers remain in their home environment.

Employers that experience a reduced headquarters will also experience a decreased realization of fixed costs (e.g., rent, insurance) as allocated on a per-employee basis.

Governments of neighboring states—such as California vs. Arizona, Maryland vs. Virginia, and New York vs. New Jersey—are likely to eye changing tax revenues allocation as workers remain in "commuter states" while the "office states" see higher commercial vacancies. At the same time, government may further enforce nexus tests for remote employees that were not previously as relevant.

Creditors and investors may also experience changing landscapes, from debt covenants that may differ, to changing cost-allocation formulas for companies enacting "work-at-home" policies, to tax credits that may no longer be applicable, the calculus of these stakeholders could be a double-edged sword. Adaptability, as represented by creative investing and creative debt-structuring, could be pivotal in the success of these stakeholders. For example, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, 2020, stipulated restrictions on enforcing rent and credit reporting on various constituents. Another example: Banks have been lending to qualified businesses; while some of these loans under the Payroll Protection Program (part of the CARES Act) will be converted into grants, there are portions that would be serviceable as low-cost loans, creating investment opportunities.

Conflict or Confluence of Goals?

The confluence or conflict of goals by and among the various stakeholders discussed above can be viewed qualitatively. *Exhibit 2* illustrates how each stakeholder has a benefit and a challenge in the new paradigm, as well as opportunities and gains if matters stay the same.

A New Paradigm

As the COVID-19 pandemic changes lives, the effect on the professional workplace is evident. Identifying competing needs and confluence of corroborative conditions could be helpful to CPAs in their own practices, as well as the advice they give to clients, who will surely turn to them with questions about the changing business world. It is important for CPAs to be able to, first, share these competing viewpoints for being both balanced in approach; second, understand how these competing viewpoints could help CPAs advise clients on how to achieve their business objectives. ■

Yigal M. Rechtman, CPA, CFE, CITP, CISM, *is a partner at RSZ Forensic Associates, New York, N.Y.*