

FUTURE OF REMOTE WORK IN THE TIME OF COVID-19

A CAHRS White Paper | January 2021 | prepared by Hae-Song Jung and Ralf Silva

Executive Summary

Remote work and its value for employees and employers have been a major area of discussion since before the pandemic. However, COVID-19 has been unparalleled in inadvertently initiating a global experiment in large-scale and long-term remote work. This extended period of remote work has allowed organizations to learn the benefits and challenges of remote work and envision what remote work or hybrid work may look like in the long-term after the pandemic ends. With this in mind, this research paper captures:

1. What companies' remote work practices looked like before the pandemic;
2. How companies adapted to remote work during the pandemic; and
3. How companies envision remote work after the pandemic.

This research paper has a particular focus on illuminating how companies shifted their remote-work related attitudes and strategies as a result of their learnings from the pandemic. We have gathered these insights to help organizations navigate some of the same remote-work-related uncertainties, and to make more nuanced and informed decisions on the future of remote work.

Introduction: COVID-19's Impact on Remote/Hybrid Work

COVID-19 has drastically altered where and how work gets done. Participants in the study highlighted these major shifts as well as some of the chain reactions caused by the mass exodus from the office.

1. **Universal increase in remote work for non-essential workers:** In March of 2020, remote work increased across the board among every company in our study. What was once an earned privilege only available to high performers and key talent, decided largely based on manager comfort, was now the only form of work for non-essential workers. Employees who were not deemed essential - whose work required them to be in person - were sent home indefinitely. The pandemic forced companies to accelerate digital transformation efforts that were years away from formal launch. Organizations with workforces of 2,000 to more than 150,000 went virtual seemingly overnight and as a result, digital literacy of tools such as Microsoft Teams, Zoom, and Yammer became a core competency for non-essential employees.
2. **Changing the narrative around productivity:** Even though remote work had long been atop the wish list of employees, senior leaders feared that productivity would suffer in this setting. Approximately two-thirds of the companies we interviewed shared that their senior leadership team was against remote work prior to the pandemic. Roughly half of

the companies also explicitly indicated that the purpose of the office was to allow for in-person collaboration and drive innovation- each of which were historically believed to suffer under remote work. The result, to the surprise of many, proved to be the opposite. Productivity did not only not waver, but surpassed levels prior to the pandemic.

3. **Increased concern around mental health and employee well-being:** The rising productivity of employees was primarily the result of employees working longer hours¹. Time that was once dedicated to commuting to and from the office was replaced by additional meetings. This was particularly true for employees who were caregivers outside of the office. Maintaining the work/life balance of employees was a top priority for companies. This placed additional pressure on middle managers who commonly experienced the onus to deliver on pre-pandemic objectives as well as implement, explain, and execute on new organizational initiatives in response to the pandemic. The stress caused by COVID-19 was felt across employee groups and throughout levels of the company, however, this commonality became a unifying force and forced dialogues that might not have otherwise occurred.
4. **Emphasis on maintaining and building cultural fluency:** Companies in our study shared that employees were largely enjoying the flexibility of remote work; however, they missed the informal interactions that arose from being in the office. “Water cooler conversations” were suddenly left behind and employees looked for ways to maintain their personal connections. While tenured employees worked to keep existing relationships strong, new employees struggled to absorb the culture of their new organizations. Less experienced employees found it challenging to get “the smell” of their companies, teams, and to absorb the pace of work. In response, senior leaders introduced initiatives and encouraged managers to develop tactics to help mitigate the cultural deterioration that they feared would take place as remote work was prolonged.

Mainstream Narrative and Data on Remote Work Before the Pandemic

Remote work had been an increasingly popular topic long before the pandemic. Discussions of remote work revolved around three major focus areas.

1. **Data showing a general increase in remote work:** Remote work and “work from home” have become increasingly prevalent in recent years. Since 2005, regular working from home has grown 173%². A 2019 Labor Department Report on Flexible Work indicated that 15% of workers worked at home one or more days per week, with 29% of workers reporting that they had the option of working remotely³.

¹ Latest Work-at-Home/Telecommuting/Mobile Work/Remote Work Statistics. (2020, October 10). From <https://globalworkplaceanalytics.com/telecommuting-statistics>

² Latest Work-at-Home/Telecommuting/Mobile Work/Remote Work Statistics. (2020, October 10). From <https://globalworkplaceanalytics.com/telecommuting-statistics>

³ U.S. Department of Labor, Bureau of Labor Statistics. Job Flexibilities and Work Schedules Summary. (2019, September 24). From <https://www.bls.gov/news.release/flex2.nr0.htm>

2. Remote work rising as a desired benefit by current and prospective employees:

The ability to work remotely had already been repeatedly named as a top desired benefit, especially among millennials. In fact, approximately 33% of employees indicated that they would switch jobs, or even take a pay cut for the opportunity to work remotely. In the realm of compensation and benefits, remote work was rising as a strategically important offering to capture and retain key talent.

3. The benefits and challenges of remote work:

Prior to the pandemic, the benefits and challenges of remote work had also been a prominent area of discussion and research. Oft-cited benefits of remote work included cost-savings, increase in talent acquisition and gender equality, and decrease in employee turnover and absenteeism⁴. An increasing body of research, such as a major experiment by Bloom et al (2015) undertaken in a Chinese travel-booking company, also found evidence suggesting that employees who worked remotely were more productive than their in-office counterparts⁵. On the other hand, major companies such as Microsoft, IBM, and Bank of America had implemented then dissolved major remote work initiatives, stating that communication and collaboration improved when employees were in the office⁶. Furthermore, the factors needed to support and enable extensive remote work, such as technology, Information Technology (IT) infrastructure, and manager training, required significant investment of capital, time, and change management.

Study Design and Methodology

The findings of this study were based on interviews conducted during the months of October and November 2020. Each interview lasted approximately 45 minutes and followed a consistent structure, using the template found in the Appendix on page 22. Participants were asked questions from a pre-designed interview template, which focused on the prevalence of remote work arrangements prior to and during COVID-19, the benefits and challenges associated with the shift to remote work, and how the company envisioned hybrid work at their organizations moving forward. CAHRS partner companies who participated in the study selected representatives who could best speak to how their company was adapting to and responding to the new way work was being done. Once the representatives were identified the research assistants reached out to schedule the interview and provided them with the interview questions ahead of time. The titles of the participants varied in seniority, ranging from Senior Business Partner, Heads of functions, Senior Vice President, and Chief Human Resources Officer. The participating organizations represented numerous industries (see Appendix page 21). Due to sample size, industry-effects were not examined. Following the completion of each interview, the

⁴ Arntz, Melanie and Sarra, Ben Yahmed and Berlingieri, Francesco, Working from Home: Heterogeneous Effects on Hours Worked and Wages (2019). ZEW - Centre for European Economic Research Discussion Paper No. 19-015.

⁵ Bloom Nicholas, Liang James, Roberts John, & Ying Zhichun Jenny. (2015). Does Working from Home Work? Evidence from a Chinese Experiment. *The Quarterly Journal of Economics*, 130(1), 165–218.

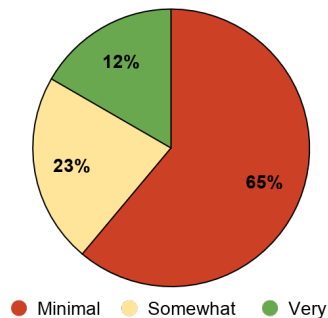
⁶ Wright, A. (2019, August 16). Why Are Some Companies Moving Away from Telework? <https://www.shrm.org/resourcesandtools/hr-topics/technology/pages/why-are-some-companies-moving-away-from-telework.aspx?widget=mostpopular2>

newly obtained qualitative data was transferred into a master excel spreadsheet for further analysis. Insights from an extensive literature review were also included as a supplement to the data compiled from the interviews.

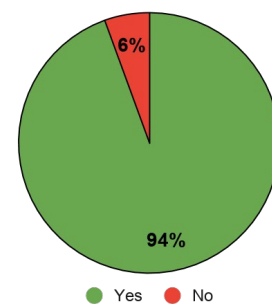
Pre-Pandemic: Remote Work Spectrum

Prior to the pandemic, remote work was the exception and not the norm within the majority of organizations. Approximately two-thirds of companies indicated that remote work was minimally prevalent in their organizations and only 12% felt that their companies had wide-spread remote work. Almost every company we spoke with shared that they had some type of formal flexible work policy or arrangement.

Prevalence of Remote Work



Flexible Work Offering



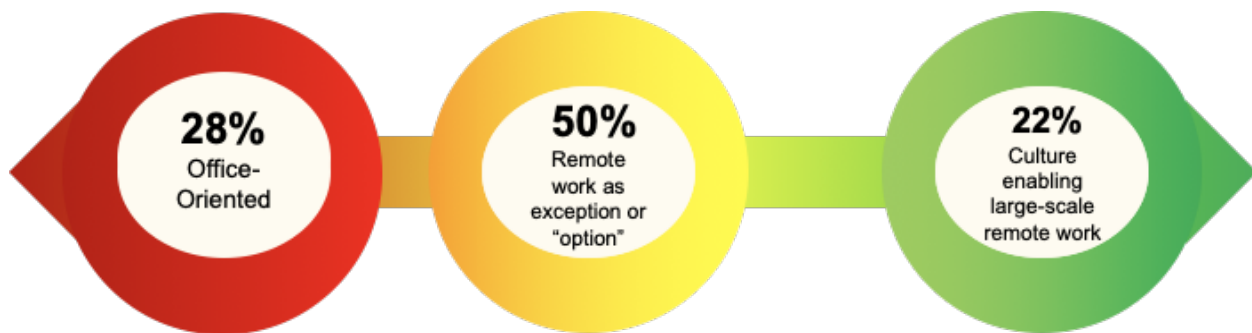
Our research found that remote work came with set criteria that employees had to meet and established processes that had to be completed in order to leverage remote work:

- 1. Manager comfort:** Manager comfort was a common barrier that employees had to go through to leverage remote work. Comfort can be a product of the relationship between the manager and employee or the manager’s confidence in their ability to manage remotely. This is a skill managers have built since March, but prior to the pandemic, many managers had minimal experience executing this because of the belief that the best work happened in the office.
- 2. Performance:** Employees had to be considered high performers in order to take advantage of remote work. In other words, remote work was an opportunity that had to be earned as opposed to given based solely on the employee’s need. Senior leadership also held onto the belief that performance would suffer in a virtual setting, so remote work was not necessarily common, even among high performers.
- 3. Nature of the role:** Companies considered in what setting an employee could do their

best work and be the most productive. If the company or manager felt an employee needed to be in person then that employee would not be able to take advantage of remote work. Because of the skepticism that existed, an employee needed to be in the right environment for the company to feel confident their performance would not waver. Prior to the pandemic, an ideal role for remote would have required minimal collaboration and did not necessitate access to specific equipment or tools.

4. **Key talent:** When remote work was offered it was often deployed as a talent retention tactic. Companies were more likely to offer remote work in order to attract or retain key talent to their organizations. Remote work offerings were scattered across small pockets of the organization for a select few. This re-emphasizes the notion that remote work was the exception and not the norm.

Many companies in our research sample had strong, relational cultures that were bolstered through in-person collaboration and negatively impacted their perspective on remote work. Because of these perceptions, the culture of most companies was not aligned to hybrid work. Companies fell into three buckets along our remote work continuum based on their orientation for in-office work.



Approximately 28% of the companies described their orientation for the office as the primary location where the culture could be shared and where employees could do their best work. About half of them were further along in terms of their comfort with hybrid-work arrangements. They provided formal flexible work arrangement and hybrid-work was occurring within some pockets of the workforce. The remaining 22% were transforming their organizations to be better suited for hybrid work. This made the transition to universal remote work much easier as business continuity concerns and cultural barriers had been addressed.

We identified two common traits within company cultures that enabled wide-spread hybrid work:

1. **Leadership buy-in:** Senior leadership at proactive companies were changing their tone around remote work and developed confidence that productivity would not waver in this setting. They recognize that performance is not correlated with time in the office. This shift gained momentum when communication was coupled with transparency. It was paramount that leadership engaged in frequent, honest communication about their view

of remote work and the value they felt the virtual and physical workplace settings provide. Transparent conversations became the standard across these organizations. Teams saw trust increase and micromanaging decrease.

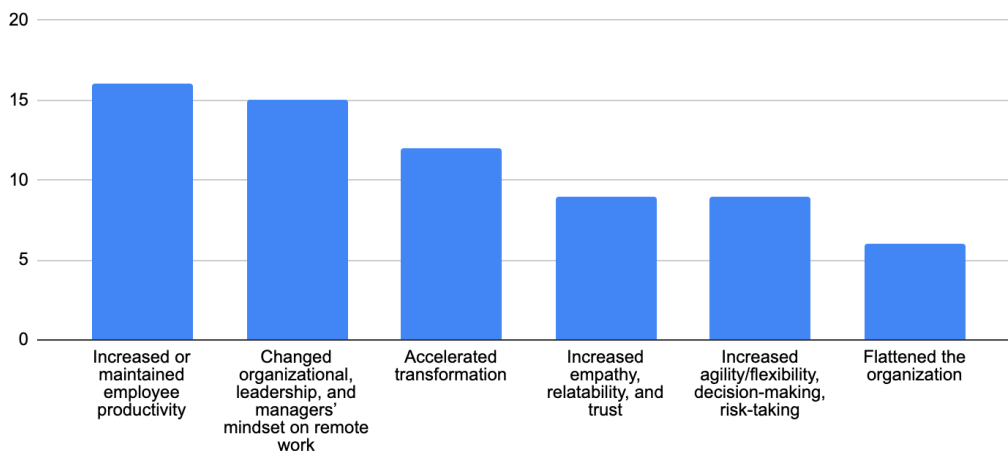
- 2. New perspective on work:** These companies adapted the way they thought about work and transformed their cultures to focus on results as opposed to process. In other words, they valued the work that was completed as opposed to where or how it was getting done. Companies who were best prepared for the shift to remote work had become performance- and deliverable-based companies. Work outputs were being evaluated based on their impact as opposed to mandating that antiquated processes were followed. This cultural transformation was driven by bottom-up feedback as companies were much more deliberate in how they measured employee engagement.

During the Pandemic

All 18 participant companies initiated remote work for the majority of their employee populations between January and March. Although all companies had varying numbers of “essential employees” who needed the physical workspace to complete their work (e.g., manufacturing, Research & Development), the pandemic essentially turned the majority of their workforce into a virtual one overnight.

Long-term remote work has allowed participant companies to observe and measure the benefits and challenges of remote work on their employee population and implement solutions to address the challenges.

Benefits of remote work



Participant companies noted a wide range of benefits of remote work, but the top three most frequently mentioned benefits were as follows:

1. **Increased or maintained employee productivity:** Despite pre-COVID reservations that remote work would decrease productivity, employee productivity remained high through the pandemic. At the same time, this high productivity came with a caveat, as companies also noted that this high productivity was:
 - a. The result of increased working hours and a disruption in work-life balance: the dissolution of separation between work and home had simply led employees to work more, which ultimately contributed to burnout and fatigue
 - b. Positive in the short-term, but unsustainable in the long-term.

2. **Changed organization's and leaders' mindset on remote work:** This benefit goes hand-in-hand with the first benefit of increased productivity. The assumption that remote work would lead to a decrease in employee productivity - oftentimes held most strongly by senior leadership - had been the biggest blocker against remote work in organizations. The pandemic, however, clearly showed that companies could be successful at working remotely, and had therefore, shifted attitudes toward remote work in a positive direction.

3. **Accelerated transformation:** These transformations fell approximately into three categories:
 - a. **Transformation of technology:** As companies shifted to remote work virtually overnight, rapid technological transformation and adoption were imperative. Technology-related initiatives, such as the adoption of Microsoft Teams or digital collaborative tools, that had been on the back burner, became implemented and widely utilized overnight. Participants also noted that their organizations' digital infrastructure and data security systems were rapidly fortified to ensure the success of remote work.
 - b. **Transformation of processes and policies:** Old inefficient processes and ineffective policies were ruthlessly removed or changed as remote work called for quick decision-making and efficient crisis management. Enabling large scale remote work also necessitated the development of new processes and policies, which HR played a leading role in.
 - c. **Transformation of teams and organizations:** As responding to the real-time ebbs and flows of the pandemic and business necessities became *the* collective top priority, new "taskforce" teams spanning multiple departments and roles came together with relative ease compared to the pre-pandemic days, where organizational hierarchies and teams were much more rigid. Existing teams also found new ways of collaborating and operating, as the realities of the pandemic provided permission for greater agility and flexibility.

Participants pointed out that many of these transformative initiatives would have required a long process of getting buy-in from senior leadership, pilot programs, and other grueling change management processes in the pre-pandemic times. More dispersed decision-making capabilities, increased agility and willingness to take risks, had enabled successful

transformations. For example, a couple of companies successfully accelerated and implemented their digital sales systems and strategies, which had been stagnating as a potentially important but low-priority strategy.

Other frequently mentioned benefits included an organizational increase in compassion and empathy and a flattened organizational hierarchy as remote work put “everyone on a level playing field” and made accessing senior leaders easier.

Key Takeaway: Organizational Culture

Overall, the key theme unifying the benefits participants mentioned was that this large-scale remote work acted as a catalyst for transforming organizational culture. As organizations mature, their organizational identities and beliefs can calcify. While consistency and stability in these beliefs are critical to the development of a unique organizational culture, these can also become barriers to innovation and change.

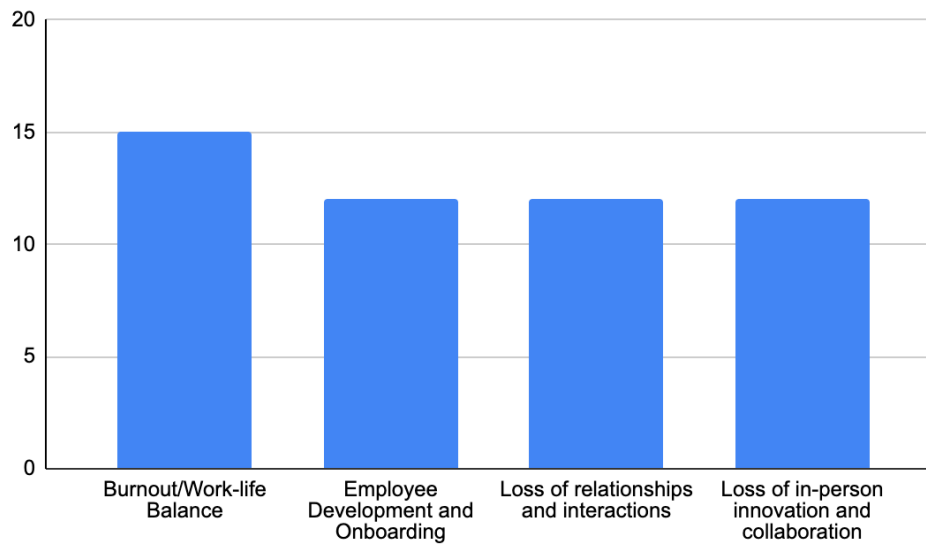
The beliefs participant companies held about their organizations prior to COVID-19, the ways in which COVID-19 acted as a “myth buster” for these beliefs, and the long-term positive cultural impact are summarized in the table below.

Before the Pandemic	During the Pandemic	Sustained Positive Gains
Remote work will lead to decreased productivity	Remote work can, in fact, boost productivity	<p style="text-align: center;">Cultural transformation</p> <ul style="list-style-type: none"> ● Increase in trust ● Flattened hierarchy ● Changing perspective on work
As a major global company with complex organizational structures and work processes, agility and quick decision-making are not core competencies	<p>Major changes and decisions can be made quickly and effectively, especially when more people are empowered to make decisions</p> <p>Risk-taking and forgoing the “compulsion to have all the data and knowledge” can be beneficial</p>	
Employee performance and productivity are measured best when employees are physically present in the office with their teams and manager.	Performance is measured by the impact the work has - in or out of the office	

It is important to note that these realizations were largely enabled by the rapid transformation and implementation of technology, processes, and policies that participant companies noted as a major salient benefit of remote work.

The challenge companies now face is sustaining the positive cultural changes once the pandemic ends. Once organizations start to “return to work” and their old ways of working, the positive cultural impact companies mentioned can easily atrophy away. Participant companies noted that finding ways to codify and develop these positive “pandemic learnings” will be an area where HR will be called upon to take a major leading role.

Challenges of Remote Work



While remote work has had its benefits, the months-long stretch of remote work has also taken a major toll on employees. The most frequently mentioned challenges were as follows:

1. **Burnout and disruption of work/life balance:** Long-term remote work increased employee burnout and fatigue. Burnout has been a growing topic of concern and discussion since before the pandemic (for example, burnout was officially recognized by the WHO in 2019 as a medically diagnosable condition), but remote work led burnout to take on unique dimensions.
 - a. Whereas commuting to and from the office allows for a physical and temporal separation between work and home, working from home dissolves this barrier, making it more challenging to separate our lives from work. Participant companies observed that, especially in the earlier days of the pandemic, employees were taking additional calls, meetings, or emails before or after “normal” working days or hours and working more in general.
 - b. Increased time spent on virtual calls and “back-to-back” meetings also created “Zoom fatigue,” leading companies to seek alternative ways of collaborating that did not require meetings.
 - c. Burnout from remote work has been especially pronounced among working parents or caretakers, who found themselves juggling work and caretaking responsibilities simultaneously within their home environments.

- 2. Employee development and onboarding:** The lack of a physical office and in-person interactions made employee development and onboarding much more challenging. Although onboarding programs had swiftly been adapted to virtual environments, participant companies were quick to note that virtual programming could never replace how the physical workplace and in-person interactions transmit culture to new employees. For companies that had a particularly strong “in-person work” orientation in Pre-Covid times, and for companies with a strong “grow our talent from within” mindset, the consequences of remote work on the onboarding and development of early-career talent were especially pronounced.
- 3. Loss of relationships:** The attenuation of relationships and interactions was also named as a top challenge of remote work. The organic interactions, shared meals, and “water cooler chats” that happened in-person prior to COVID-19 were made impossible with remote work. Participant companies found many creative ways to stay connected virtually, but employee relationships became more limited to their departments and teams. In addition, as remote work continued and “Zoom fatigue” took hold, some participant companies observed that enthusiasm for these virtual activities also faded. The desire to connect and interact with coworkers again also seems to be an incentive for employees to return to work.
- 4. Loss of in-person innovation and collaboration:** Although employee productivity and ability to adapt to virtual meetings remained high, participant companies singled out collaborative innovation as a major area of concern. Collaborative innovation frequently took place through white boarding sessions and other in-person meetings that allowed hands-on problem solving, brainstorming, and fast-paced learning. This means that virtual meetings and processes served as a functional but limited and oftentimes frustrating substitute. Companies also observed that, in pre-COVID times, innovative ideas could come from serendipitous one-off conversations, especially with colleagues outside of one’s regular teams. Empirical research also suggests that these types of interactions with new people - the power of “loose ties” - and cross-germination of ideas are conducive to innovation⁷. These “happy accidents,” however, disappeared with remote work, as virtual meetings always require pre-ordained scheduling and intention.

Key Takeaway: Organizational Culture

The common theme behind these challenges, similar to benefits, also seems to be about organizational culture: What are the cultural consequences of losing the elements of the workplace and in-person interaction that cannot be substituted or augmented with technology?

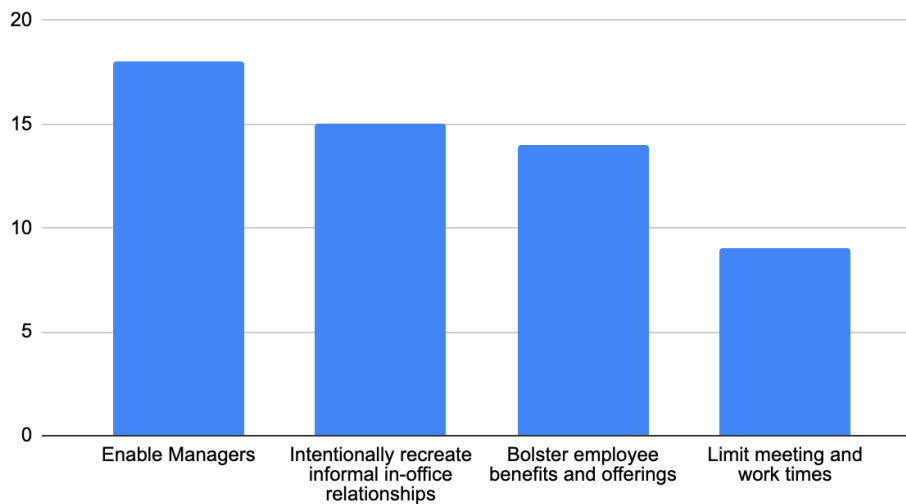
More specifically, challenges two through four capture three of the most critical areas where in-person interaction or physical workspace are beneficial and strategically important. The table below summarizes what these three areas looked like before the pandemic, how they adapted to the virtual setting, and most importantly, the long-term consequences of continued remote work.

Before the Pandemic	During the Pandemic	Long-term Consequences
<p>Innovation & Collaboration</p> <ul style="list-style-type: none"> •In-person whiteboarding sessions •Organic & serendipitous spread of ideas •Fast-paced learning 	<ul style="list-style-type: none"> •Usage of more facilitated virtual meetings with whiteboarding/collaboration functions •Exploration of asynchronous collaboration opportunities •Adoption of new collaboration processes, mainly involving more virtual touchpoints and meetings 	<ul style="list-style-type: none"> •Decrease in speed, amount, and effectiveness of innovation •Siloed teams •Decrease inter-organizational learning and knowledge
<p>Employee development & onboarding</p> <ul style="list-style-type: none"> •Learning through mentors & relationships •Connect to culture through the office environment •Build relationships through in-person interactions •Develop mentors and close relationships with managers 	<ul style="list-style-type: none"> •" Lists" of stakeholders, mentors, and subject matter experts provided •Creation of online spaces for new talent to form cohorts or bonds •Bolstering of "buddy systems" or access to senior leadership 	<ul style="list-style-type: none"> •Increase in employee turnover •Decrease in employee growth or performance •Early-in-career talent heavily impacted
<p>Employee relationships and interaction</p> <ul style="list-style-type: none"> • "Watercooler chats" and organic development of relationships •Office as a representation of culture 	<ul style="list-style-type: none"> •Creation of informal "non-work" related virtual opportunities, such as Zoom happy hours or workout sessions •Creation of online spaces (chatrooms) for employees to share common interests or updates 	<ul style="list-style-type: none"> •Attrition of culture •Increase in employee turnover • "Siloing" of relationships

These long-term consequences have serious implications for talent management, HR strategy, and business success. Accordingly, these were all factors participant companies were considering as they looked forward to determining what post-pandemic remote work and hybrid work would look like for their organizations.

7 DAVIS, J. P. (2008). Network Plasticity and Collaborative Innovation: Processes of Network Reorganization. Academy of Management Annual Meeting Proceedings, 2008 (1), 1.

Responses to Challenges of Remote Work



To mitigate the challenges and enable the success of remote work, participant companies deployed a variety of solutions. Some key responses include:

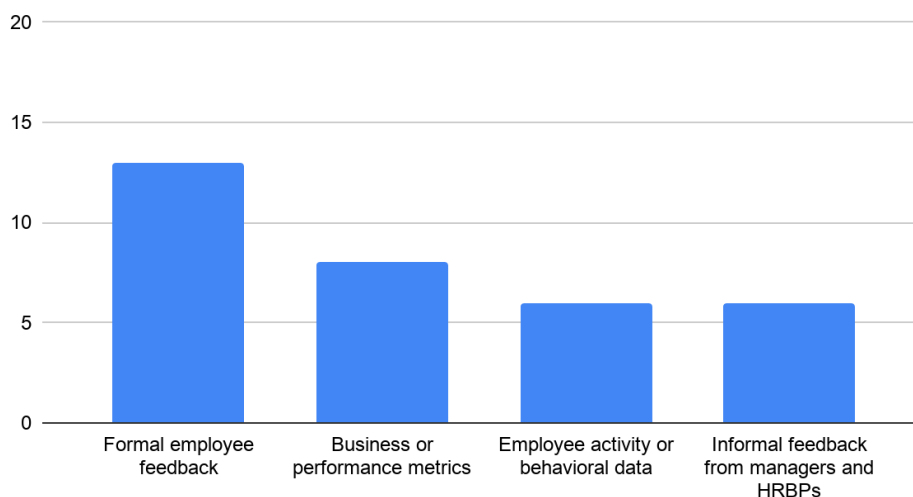
1. **Enable managers:** Companies placed heavy emphasis on developing managers' capabilities and behaviors for remote work. Many companies implemented both formal and informal training programs (through webinars), 1:1 coaching, and peer-to-peer learning groups to help managers manage their teams remotely. While some of this training focused on business and performance management, a much more significant proportion of the training aimed to develop managers' compassion, ability to trust and empower their teams, and ability to manage employees' mental well-being. This shift highlights the fact that this pandemic, more than ever before, called upon managers to become good *leaders of people*, rather than just good *managers of work*.
2. **Intentionally recreate informal in-office interactions:** Companies implemented virtual activities and calls to help employees feel connected outside of their regular work meetings and interactions. Virtual happy hours, for example, were an especially popular choice. Other common activities included virtual cooking classes, virtual fitness or yoga classes, and informal virtual coffee chats with senior leaders. These examples show that companies maximized these virtual activities to not only help employees stay connected, but also to help employees improve their well-being, or connect with top senior leaders.
3. **Improve employee benefits and offerings:** Companies bolstered their employee benefits and offerings to help mitigate the challenges of remote work. These benefits and offerings can approximately be categorized into three categories:
 - a. Ergonomic home office benefits: Companies introduced stipends and reimbursements for employees to purchase home office equipment and furniture.

- b. Health and wellness benefits: On the physical wellness front, companies increased employee access to virtual fitness classes and cooking classes, and increased reimbursement options for fitness equipment. On the mental wellness front, companies provided access to meditation or mental wellness apps, and bolstered their employee assistance program (EAP) and virtual counseling offerings.
- c. Working parents and caretaker benefits: Recognizing that remote work has had a particularly heavy impact on working parents and caretakers, companies introduced discounts and increased access to childcare, tutoring, and college test prep. More importantly, companies provided increased flexibility in schedules, paid time off (PTO) days, and leaves.

Companies had a keen recognition that increasing these employee benefits and offerings had long-term strategic significance in differentiating their employer “brand” in the talent market. Current and prospective employees are increasingly asking companies how they cared for employees throughout the pandemic. An empathetic company-wide response and strong benefits, therefore, are an effective way to capture and retain key talent.

- 4. **Limit meeting and work times:** Companies sought to limit meeting times and work times, recognizing the contribution of back-to-back virtual meetings and long working hours to burnout. Companies implemented company-wide “No meeting Wednesdays” or “No meeting afternoons” to free up employee time, and coached employees to maintain firm boundaries between working and non-working hours. One partner company even set a long-term company-wide goal to reduce their meeting time by 20%.

Data used to measure and inform remote work decisions



Participant companies used various forms of data to measure how employees were responding to remote work. As employees were no longer visible in a physical workplace, data was more critical than ever.

1. **Formal employee feedback:** Most companies used formal channels of employee feedback, such as surveys or focus groups, to understand how employees were responding to remote work, what additional support they needed, and how they felt about returning to the workplace. The frequency of surveys ranged from twice (over the span of six+ months) to everyday (via quick pulse surveys). This data informed the design of expanded benefits, short-term return-to-work policies, and potential long-term remote work strategies.
2. **Business and performance metrics:** Companies also used business metrics to measure the effectiveness and success of remote work. Strong business performance - especially at a team or business sector level - served as compelling evidence that large-scale remote work could sustain or even enhance productivity.
3. **Employee activity or behavioral data:** These behavioral metrics include time employees spent online or in meetings, number of emails sent, or log-in data. This data was used to track employee work and productivity, but also to inform ways to mitigate burnout by limiting employee working hours and meeting times.
4. **Informal/indirect employee feedback:** Companies also used informal employee feedback - gathered from managers or HRBPs - to gauge employee engagement and responses to remote work. While many companies used both formal and informal channels to collect employee feedback, some companies only gauged employee engagement and sentiment through these indirect methods.
Other forms of data used by partner companies include:
 - a. benchmarking with external organizations to compare other organizations' responses, especially in similar geographic regions or industries; and
 - b. diversity metrics to measure the impact of long-term remote work and the pandemic on women and minority employees.

Considerations for Short-Term Return to Work

The pandemic has not completely diminished the value of the office. Every company in our sample shared that their goal is to eventually have employees be back in the office in some capacity. The timeline for doing so is dependent on advancements in how the virus progresses, vaccine distribution, updates to local regulations, and the health and safety of employees. In the meantime, the majority of the companies we interviewed have opted to phase non-essential employees back into the office. Multinational companies have taken learnings from their international offices and applied them to their domestic locations. Companies shared that they often have come up short in terms of their capacity goals as employees generally opt to

continue working from home. Part of the goal in gradually increasing the number of employees in the office is to reestablish the value of the office in the eyes of employees. For those in a similar position here are some items to consider:

- 1. Feasibility based on geography:** Some employees opted to relocate during this time and may not be near a company site. Companies shared that they will eventually require employees to relocate near company sites, but for the time being it should not be surprising that fewer employees are coming into the office than is being allowed or desired.
- 2. Nature of the role:** Does this employee need to be in-person to do their best work? Companies are prioritizing the business need as well as the quality of the work as opposed to where it gets done. For example, support functions such as HR, Finance, and IT may be phased in last because they generally do not need to be in the office to be productive. Additionally, many companies shared that senior leaders have continued to work from the office to encourage others to do the same, but it is also helpful if they are creating or conducting video addresses for large swaths of the company.
- 3. Implementation:** Companies have divided employees into different groups, often based on the nature of the role, and schedule time for those groups to be in the office. For example, a company may create red and blue teams and rotate those teams on a weekly basis- one week in the office and then one week at home. Rotations give leadership a chance to evaluate the effectiveness, feasibility, and desire for hybrid work going forward.
- 4. Voluntary decision:** Companies have stressed to their employees that as of right now returning to the office is completely voluntary and is dependent on employee comfort and what works best for them based on their situation. To ensure that employees truly feel it is a voluntary decision some companies have administered pulse surveys. Amidst so much uncertainty and heightened stress, flexibility remains pivotal. For example, companies shared that one of the most common reasons employees are coming to the office is to get a break from their responsibilities outside of work. This is particularly true for caregivers.

Closing in on 10 months into the mass exodus from the office we would like to highlight some key watch outs that companies highlighted as they are managing return to work:

- 1. Unintended pressure:** If you are opting for a voluntary return to the office for the time being, be cognizant of the unintended pressure this may be causing employees. Senior leaders coming into the office may cause a trickle-down effect to managers, which places unnecessary pressure on employees to model this behavior.
- 2. HR is imperative in this process:** It is not hyperbole to say that the role of HR has never been more critical. The function has been thrust into leadership positions and job responsibilities that were not known prior to the pandemic. Companies shared that it is

critical for HR to be in absolute lockstep with their business leaders and connect them with the resources they need to be successful. Additionally, HR must continue to be the cultural stewards for their organizations and model the behaviors they would like to see as well as being conscious of and communicating employee pain points to the business. Lastly, HR must ensure that the learnings from this time are not lost by enabling intra-organizational learning.

- 3. Transparent communication is paramount:** In terms of a communication strategy, many companies have not formalized this step yet, but for the ones who have begun communicating next steps to employees they have been transparent about how they view the future role of the office. Whether the goal is to bring everyone back to the office or that the company will be embracing some form of hybrid-work in the future, companies should consider the impact this new strategy has on its employees.
- 4. Local flexibility within centralized guardrails:** Lastly, as companies think about moving forward there is still so much work to be done and more to learn, but our research found that companies are trending towards some type of centralized policy around flexibility that provides guardrails based on legal and regulatory requirements, but will allow for localized implementation based on employee, cultural, and of course business needs.

Long-Term Approaches to Remote Work

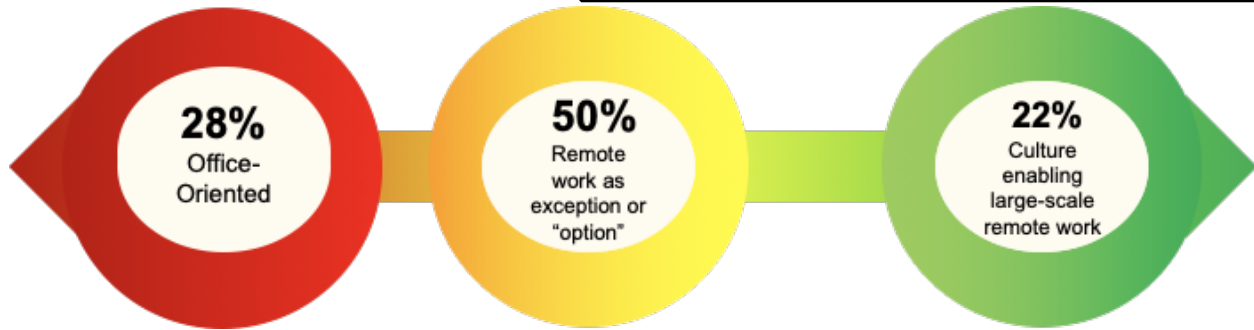
So how does this “greatest experiment in remote work” impact how organizations envision hybrid work in the post-pandemic future? This is the key question employees, employers, and the world at large are asking. According to a recent Census wide report, 83% of the workers surveyed expect remote work to become a standard business practice in the future⁸. Global Workforce Analytics also estimates that 25 to 30% of the workforce will be working from home multiple times per week in the future, as Covid-19 has proven remote work to not only be tenable, but cost-effective and valuable⁹.

Nonetheless, organizations have reason to be cautious about making sweeping changes and commitments to remote work and hybrid work now, when the long-term implications of large-scale remote work remain opaque.

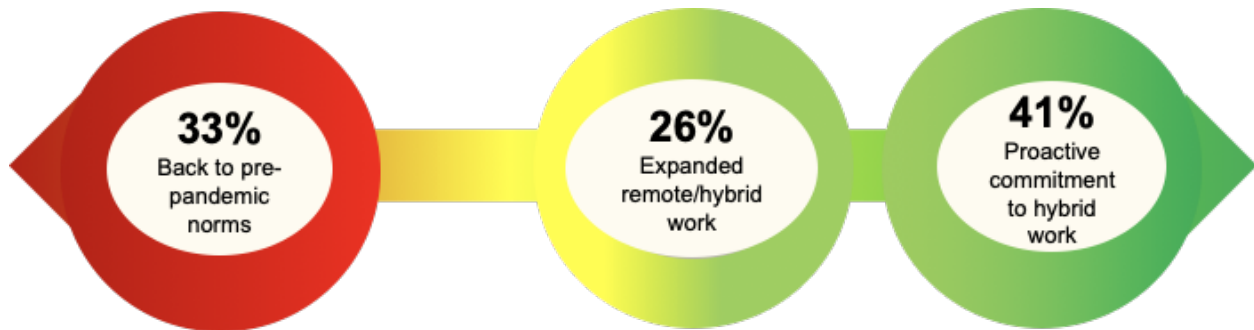
Before the pandemic, participant companies could be categorized into these three categories, based on their level of in-office orientation.

⁸ Burden, L. (2020, December 23). What do workers value above all else? Flexibility, survey finds. <https://www.hrdive.com/news/what-do-workers-value-above-all-else-flexibility-survey-finds/592527/>

⁹ Work-at-Home After Covid-19-Our Forecast. (2020, April 12). from <https://globalworkplaceanalytics.com/work-at-home-after-covid-19-our-forecast>



In comparison, participant companies' stance on long-term to hybrid work and remote work post-pandemic can be categorized into these three categories, based on their new level of commitment to hybrid work and remote work.



A strong desire to “return to the way things were before the pandemic” was noted by 33% of companies with no major changes to their remote work policies or offerings. For a majority of these companies, this “back to the office” orientation and belief in the value of the workplace started from the top leadership level down.

For the remaining 67% of our participant companies, however, the pandemic will likely result in lasting transformation. Many companies said the pandemic has been a “Pandora’s Box.” It has proven that large-scale remote work is not only possible, but conducive to new work processes and efficiencies. Most importantly, the pandemic has changed *employees’* desires and expectations around remote work - as shown through pulse surveys and other data. Companies shared that employees will certainly desire and expect increased remote work opportunities moving forward, and that they will shift their stance on remote work accordingly.

The 26% of companies in the “expanded remote/hybrid work” bucket may not be committing to massive organizational transformations yet but have accepted that remote work will go from an exception to an expectation and have begun to consider ways to expand their remote work policies, processes, and support infrastructure.

The remaining 41% of companies have begun to make substantial changes or commitments to enable long-term hybrid work and committing to hybrid work becoming an organizational norm.

Taking the Plunge: Committing to Long-term Hybrid Work

The 41% of companies that have proactively committed to long-term hybrid work are doing so in various ways. Below are three major approaches these companies are taking and their main incentives for doing so.

- 1. Changing the physical workspace:** A couple of companies have either already moved offices to smaller and less-costly locations. Others have begun to consider different workplace designs - based on a predicted decrease in “in-office” employees - by increasing co-working spaces while decreasing private office space and desk space. The main incentive here is the potential cost-savings from smaller real estate footprints.
- 2. Piloting hybrid work arrangements:** These companies have begun to pilot hybrid work arrangements within teams or in other countries where more employees have returned to the physical office. The intention and incentive of these pilot programs are to gather long-term data on the impact of hybrid work on employee productivity and engagement when: 1) certain team members are remote while others are not, and 2) remote work is an option rather than a public health-mandated necessity.
- 3. Re-categorizing jobs based on how much in-office work is required:** These companies have begun to re-categorize all their jobs based on how much of the work requires the physical workplace. For example, while jobs in manufacturing or R&D might require the physical workspace at all times, some corporate functions can be done entirely remotely. This approach allows companies to diversify their talent acquisition strategy, as they are no longer as geographically limited in seeking new talent. This approach may also allow for a much larger and systematic transformation of the workforce. One of the participant companies, for example, decided to transform a large team of customer support employees from entirely office-based to entirely remote moving forward.

Navigating Uncertainty

Thus far, the media has tended to focus on companies that have boldly embraced “100% remote work” commitments, providing perhaps an overinflated perspective of remote and hybrid work in the future. In reality, all participant companies - even the ones making proactive commitments - were much more measured in their approach, for three major reasons:

- 1. Current model is not sustainable:** What is working well about remote work is working because non-remote work is not an option. Employees and organizations, to put it simply, have no choice but to “make remote work work.” Increasing burnout and fatigue rates already suggest current remote work practices may be unsustainable. Furthermore, once remote work becomes optional again, navigating the benefits and challenges of remote work will become more complex.

2. **Implications of remote work are unknown:** We still only have short-term experience and data on remote work: Although remote work has continued for nearly a year, data that would help clarify the long-term implications of remote work remains limited. For example, how would remote work impact diversity and equity? How would remote work impact the long-term performance and growth of early-in-career employees? These critical talent questions are not ones that can be answered based on companies' remote work experiences and data through COVID-19.
3. **Formal decisions have yet to be made:** Communicating a long-term hybrid work strategy to employees now, when so many factors remain uncertain, does not provide space or flexibility to change. Companies were wary about announcing hybrid work commitments to employees in such uncertain times, as any changes would create additional confusion, and more importantly, damage employees' trust in their organization.

Determining Long-Term Remote Work Approaches: Key Questions

Ultimately, there is no singular “best” form of remote work arrangements. The continued ebbs and flows of COVID-19 infection rates and their impact on business performance and company finances add several layers of complexity. The remote work arrangements that will work best will depend heavily on each company's unique culture, structure, enabling policies, processes, technology, and buy-in from senior leadership. Even within a company, the best form of remote work arrangements may and most likely will vary from team to team or from region to region.

Amidst this uncertainty, participant companies discussed several key questions they are asking their leaders, employees, and stakeholders to decide what form(s) of remote work will work best, not just in the next three to six months, but for sustainable and impactful change.

Below, we have captured some of the most salient questions for HR leaders to start taking a lead on asking and answering:

1. What additional data should we be tracking to predict and understand the long-term impact of large-scale remote work (e.g., talent acquisition, employee engagement, employee growth, employee attrition and turnover)?
2. What factors or potential mitigation strategies must be considered to ensure that remote work does not create or exacerbate inadvertent inequities (e.g., gender, race, generations, and job functions/teams)?
3. How do we ensure we do not lose the positive cultural gains from remote work?
4. How do we find the right alignment between what employees want with business realities and what senior leadership wants?
5. How will we message the “value proposition” of our long-term remote work approach to senior leadership and employees?

Conclusion

Remote work had been a growing trend and topic of discussion since before the pandemic. However, company-wide remote work initiatives remained few and far between, oftentimes due to the lack of buy-in from senior leadership, lack of supporting IT infrastructure and enabling processes, and lack of data that suggested the success of large-scale remote work. For most of our participant companies, remote work was an organizational exception rather than a norm.

The pandemic, almost overnight, made remote work not only an organizational norm but a necessity. In doing so, the pandemic has served as the largest (and perhaps, the most rapidly undertaken) experiment in remote work. At the center of this critical transformation has been the HR function. HR leaders and professionals have been called upon like never before to not only carry on their day-to-day work, but become experts in public health, digital transformation, and the voice of employee needs and the vision-setter for the future of work.

Almost a year into the pandemic, the future of remote work, both the short-term “return to work” and long-term remote work strategies, remains uncertain. It is also important to note that the pandemic, as well as the racial injustices and political unrest of this year, are human tragedies that have taken an enormous emotional toll on all of us. Through these times, the adaptability and resilience demonstrated by employees and the HR function stand as admirable feats that will help organizations navigate the challenges ahead. And despite these challenges, this year of remote work has created many benefits and cultural transformations that would never have happened otherwise. The major task for companies now will be to protect and scale these learnings so that the post-pandemic future of work is better and stronger than the present.

Appendix

List of Participating Organizations



Interview Template

Research Question:

One of the projects CAHRS is taking on this semester focuses on the future of remote work. Through this project, we hope to learn more about how companies are creating, adjusting, and communicating their long-term hybrid work strategy in consideration of the pandemic and its impact on the way we think about the future of work and talent. Moreover, what are the key steps HR leaders must take to ensure the success of these strategic initiatives? To answer these questions and more, we are looking to speak with individuals who are responsible for shaping and overseeing the remote work strategy of your organization. We understand that the capacity of employees is limited so we thank you in advance for taking the time to assist our research.

Pre COVID-19

1. How prevalent/normalized was remote work at your company prior to COVID-19? How did it differ for different employee segments of the organization? Why did their hybrid/remote work arrangements pre-COVID look that way? What was the rationale?
2. How has this changed as a result of the pandemic? To what extent has remote work increased, and how has that differed for different employee segments?

Current Remote Work Arrangements: Benefits & Challenges

3. What were the most salient positive results/changes of remote work have you seen during the pandemic that you would like to replicate and expand even “post-pandemic”?
4. Where have you seen or experienced the biggest challenges? How have you responded to/addressed these challenges (e.g., practices, policies, tools)?
5. What data and information are you using to evaluate the impact of remote work?

“Post-COVID” Hybrid Work Strategy

6. Short-term hybrid work strategy: How are you currently thinking about “return to work”? How are employees being phased back into the office?
7. What is your long-term hybrid work strategy? How does this align with your long-term HR strategy and business strategy?
8. What are the most critical things HR will need to do to enable the success of this hybrid work strategy?
9. How are you communicating the value of your hybrid work strategy to your employees? How have your employees been responding thus far?