

The Hybrid Workplace is Here to Stay: 5 Ways to Make it Work

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In late May, Tesla Chairman Elon Musk stunned the world by announcing that Tesla employees must return to the office full time or lose their jobs. Moreover, as the leaked Musk email pointed out, Tesla employees were expected to work a minimum of 40 hours a week on site. But the Musk mandate is already backfiring: Fortune reported that other companies are already moving in to poach Tesla's best employees.

Indeed, Musk may be swimming against a global tidal wave of employee sentiment about how work gets done. Almost a year ago, Forbes published an article titled "The Great Resignation: Why Employees Don't Want To Go Back To The Office." People have cited commuting times as the number one reason they want to work from home.

It's clear: Despite widespread initial pushback, many organizations have come to realize that offering their employees the opportunity to work remotely may not be a choice, but a necessity to remain competitive and relevant. Family businesses are grappling with this reality as well. This article offers some practical advice on making it work, for both family and non-family firms.

Employers dig in

When Goldman Sachs reopened their offices on February 1, 2022, only half of its 10,000 employees showed up in person – in defiance of the CEO's orders, who had called remote work a "temporary aberration" a year earlier. Yet this "aberration" has benefited Goldman Sachs, which reported record earnings for the first quarter of 2021. Nevertheless, for Goldman Sachs, a fully remote or hybrid workplace scenario – where employees split their time between the office and an alternative workplace – was apparently not an option.

Like Goldman Sachs, many organizations have reported tremendous results with a significant part of their

workforce working remotely yet still struggle or outright refuse to give in to employees' demands to continue remote work to some degree. It is understandable that in times of global uncertainty -- be it in supply chain, labor market or global politics -- it is easier to find more reasons against change within one's organization than for it. However, organizations can do little to stop this transformation set in motion during the pandemic.

So, what about family businesses – How are they faring with the workforce's changing demands regarding workplace flexibility? While there's been little empirical data, we've had many conversations with family businesses in the US and Europe. We're learning that family businesses, especially small ones, struggle more than publicly owned companies and young start-ups with the idea of a remote and hybrid workplace. The exact reasons are not yet clear, but we can assume these factors play a role: the strong connections that family business owners have with their employees, the importance they place on values, and the personal interactions that nurture their culture. Smaller companies may suffer the most from this attitude; they already struggle in the war for talent and may have more trouble attracting younger non-relatives who want a more flexible work environment.

In this article, we suggest five ways in which organizations – in particular, family-owned companies – can make the shift from a traditional, in-person work environment to an effective hybrid workplace. First, we clarify what hybrid work is and what it does, explore the employee's and the organization's perspectives on it, and discuss both the opportunities and challenges of a hybrid work environment. We then provide a neuroscientific-based perspective on adaptation to change, and why we are wired to resist it.

What is a Hybrid Work Model?

In a hybrid work model, employees work partly in the physical workspace designated by the company (the office) and partly at home or another workspace. While the public discourse mostly focuses on the “where,” the “when” is another important consideration for organizations considering making a change. The level of flexibility can range widely, with some companies requiring their employees to come in on certain weekdays during regular working hours (“9 to 5”), and others allowing their employees to work from anywhere, anytime, with a few (optional) in-person gatherings throughout the year.

Clashing perspectives: companies and employees

Global companies have long used teams that collaborated successfully despite being thousands of miles apart. The sudden rise of remote work during the pandemic – in combination with widely-available and effective video conferencing technology – made this form of work a reality that many employees never thought possible. The experience seemed to have been overwhelmingly positive for them: In a Gallup study (2022) of more than 140,000 U.S. employees, 59% percent preferred a hybrid, and 32% preferred a fully remote work environment. This is a significant change, given that before the pandemic, 60% preferred to work fully on-site (down to 9% in 2022). Interestingly, the study also highlights that employees’ need to feel connected to coworkers and the organization remains vital, with a significant part of fully remote workers (38%) preferring hybrid work (Gallup, 2022).

In addition, approximately half of the U.S. full-time workforce, representing about 60 million workers, report that their current job could be done remotely, at least part of the time. Contrary to the employees’ needs, the Microsoft’s 2022 Work Trend Index, a study of 31,000 people in 31 countries, finds that 50% of leaders say their company already requires, or plans to require, full-time in-person work in the year ahead.

This clash of the microlevel (individual) and macrolevel (organization) is as understandable as it is problematic. While the individual employee is concerned with performing their role successfully while optimizing their situation, the organization is worried about system stability and increasing overall performance – and stability and performance increase usually suffer under change. However, for many employees, the advantages

of a more flexible workplace far outweigh the disadvantages, just to name a few:

- Avoiding commute time: With commuting hours being lost time – spent neither at work nor home – the reduction is seen favorably in terms of hours gained.
- Cost savings: Not only do hybrid and remote workers save money not commuting – especially with the current gas prices – they also save money by preparing lunches at home, and not having to invest money in workplace attire.
- Health and wellbeing: Hybrid work environments are associated with health benefits, such as overall well-being, better sleep, improved mental health, and lower levels of burnout, as compared to traditional work settings (Kelly & Moen, 2020).

Overall, these findings are consistent with what has been found in people management and strategy research before: Agency, autonomy and empowerment are strong levers for engagement and identification with an employer. Hybrid work provides employees with the flexibility that nurtures these qualities, which is why the desire to sustain these privileges is demonstrably high (Dowling et al., 2022). In the face of numerous polls and studies indicating the benefits of hybrid work environments, why is it that so many organizations struggle with letting go of their old ways?

Why do we resist change? A neuroscientific-based perspective

When COVID hit in early 2020, companies scrambled to maintain operations while keeping their workforce safe. Either willingly or forced by government mandates, many organizations quickly switched to remote work. The effectiveness with which the global workforce adapted to a profoundly different workplace reality was both unexpected and astonishing.

The speed in adaptation to a threatening situation is a fitting example of the plasticity of the brain to find new behaviors to deal with challenges and adapt instantly. Our brain mostly functions on “autopilot” because in this state, oxygen consumption is the lowest (Harris et al., 2012). Hence, the brain tends to resist change unless it is forced to, as it would be required to form new pathways to form new habits. Interestingly however, under stress – such as during the early stages of the

pandemic – even habits that are usually very hard to change have been shown to adapt in very little time. Now, after over two years of living with a remote or hybrid environment, many employees have adjusted and effectively “rewired” their brains. They simply cannot fathom returning to the office full time, as their experience with increased workplace flexibility has been overwhelmingly positive.

This perspective clashes with that of organizational leadership wanting to reconstruct the “old ways of doing things” – to them, the familiarity and past successes of these old work patterns and processes make it reasonable to resist the new. Leadership’s role is to plan, coordinate, delegate and empower their employees towards a shared goal, and to this end, they must manage and control the organization. Transitioning to a hybrid work environment shakes the fundamental need of the organization, and in essence its leaders, to “orient and control” (Epstein, 1990; Grawe, 2007), since a hybrid work environment means ceding at least partial control to the employees, allowing them to be more self-organized and self-determined (vs. other-directed). What is more, many leaders have viewed this as merely a phase – as evidenced by the statement of Goldman Sachs’ CEO. Instead of making use of this time to adjust to the new reality, they merely kept postponing the deadline to return to the office. Now, many of these companies pay by losing talents that are unwilling to sacrifice their newfound flexibility.

Five paths to a smooth transition to hybrid work

1. Get over it – and on it.

Ignoring the writing on the wall by reminiscing about the times when everyone spent their days at the office indicates a lack of vision and leadership: As evidenced by the numbers of every single poll on the subject, the demand for more flexible work arrangement will not subside. This is not a “temporary aberration” – hybrid work is here to stay, and the quicker we acknowledge its role in attracting and retaining key talent, the better we can set ourselves up for success.

The process could start by surveying the workforce to assess people’s needs around workplace flexibility (alternatively, you could do focus group interviews). What kind of work flexibility do they have in mind? What would be beneficial? How many days a week would they want to work from home? What infrastructure might they

need? What activities or meetings would benefit from, or require them to be physically present? Based on employees’ replies, the organization could assess its need for office space and infrastructure. They should think about which roles can easily be performed remotely, and which roles may need some adjustments made to them. A dedicated task force, reporting to Human Resources or even better directly to the board of directors, could facilitate this process effectively.

2. Bring ownership and leadership on the same page.

At the forefront of the transformation stands the commitment to the core purpose of the organization, which is to deliver on the promise made to its customers. This requires ownership and leadership (including non-relatives in the case of family firms) to agree on the best way to make sure that the most qualified people can work together effectively and perform their roles successfully. To achieve this objective in the long term, they won’t be able to avoid giving these talented people the option to work remotely.

Because they value a strong organizational culture, personal interaction, and connections with their employees, family businesses could be more reluctant to embrace a hybrid work environment. From our conversations with family business owners, we find that while the younger generations tend to embrace flexible work arrangements, the older generation is reluctant to introduce policies that would formalize this level of flexibility across the workforce. In several cases it took a collective effort of non-family leadership and the rising generation of family leaders to convince the older generation that hybrid work must be an option, and that pushing back could lead to an exodus of qualified professionals. This a topic that the rising generation feels strongly about, and a great opportunity for these younger family leaders to bring their perspectives into the discussion. It is key that ownership and leadership – in case the company is run by non-family managers – view eye to eye on this, so as not to send conflicting or unclear messages to the employees.

3. Clarify mutual expectations and find common ground

Once the organization has moved from assuming to knowing its employees’ preferences, the next step is to calibrate expectations and decide on a way forward. This requires identifying what is feasible and sensible

for the organization, and to enter a discourse with its employees to find a solution that meets the needs on both sides. This could be done with small-group discussions with employees, facilitated by members of the task force. This step could lead to a workplace policy detailing, for example, the number of days employees are expected to work at the office, or the hours during the day they should be available. It should also clarify the psychological contract, which is the unwritten, intangible agreement between the organization and the individual employee regarding each other's expectations surrounding the hybrid work arrangement. For example, an employee should have a good understanding of what is considered a reasonable timeframe within which to respond to a call or email on remote working days.

Also, keep it simple! Likely, given the complexity of needs, moving targets and full agendas that tend to change regularly without prior notice, don't be rigid about a fixed plan with predefined days of the week. You may risk a situation where many rules are set up, but hard to follow and not lead to the best result. Instead, a guideline that defines the common understanding and what is important to the organization may be a better solution. It will give enough guidance while leaving enough space for flexibility to adapt to the requests of daily work.

4. Communicate, communicate, communicate

Communication is a two-way street that begins with asking, listening, summarizing and defining solutions. Through the employee survey, you have gained an understanding of the employees' needs and wants. Once the task force is in place, and leadership and ownership are aligned and committed to the transition, a policy can be detailed in collaboration with the employee. You could always run a pilot for half a year that could be evaluated and adjusted, if needed. Do not wait to communicate with your employees until you have got it all figured out: you are wasting precious time. Entering a dialog sends a signal to employees that there is progress.

Even in the absence of knowing the destination, clearly communicating the journey is pivotal. Effective communication on the workplace transition process has been shown to boost employee well-being and productivity – even more so if a company provides detailed, remote-relevant policies and approaches. Yet,

a recent study shows that the majority of organizations (68%) do not communicate their vision of the future workplace (Alexander et al., 2021). This brings grave consequences: Seven out of 10 employees (71%) say they are likely to look for other job opportunities if hybrid work is not possible. And this number is even higher in millennials, which represent the talent pool and future of any organization (Dowling et al., 2022). So, be proactive about driving the conversation!

5. Leadership is the key to a successful transformation.

The two years of global crisis have highlighted the importance of empathic and effective leadership. Leaders have aligned and organized their teams and organizations under crushing pressure. The unprecedented economic challenges have mostly been mastered well. It is the very success of our ability to adapt that now makes it impossible to return to the old normal. It is true that hybrid work makes organizing more complex, not less. With the additional degrees of freedom as to when and where the work is being done, the old "command & control" leadership model must be decommissioned. Leaders now have a new and urgent challenge in this uncertain global economy and labor market: setting the standards for leadership in a hybrid setting that balances business outcomes with the new expectations of the workforce.

First, hybrid work requires leaders to be closer and more connected with the employee. Systematized, personal feedback that motivates the employee to upskill, engage and contribute to the team's effort becomes essential. And leaders themselves need to broaden their skillset in this field to better understand how their employees' brains respond to feedback to accelerate learning. Also, it is essential that leaders truly understand what their employees need from them in order to independently reach their goals. This is a fundamentally different leadership concept than telling someone what to do: Leading in this new work setting means coordinating, delegating, and empowering.

Secondly, in a hybrid setting, leading by time and attendance control is even less effective than it has been before. However, the innate need to have orientation of what is going on stands at the core of leadership. In our opinion the key may lie in leading with measurable objectives and key results that support the overall objective. A very successful methodology is OKR (Objectives and Key Results), which gives leaders

the confidence that the team is achieving its goals. The concept makes obligations between leader and employee transparent and binding.

Thirdly, just like anywhere else, common sense goes a long way. Instead of having a rigid hybrid work policy, formalized in a 30-page document, go for a simple one-pager that clarifies basic principles and expectations. In the end, it goes back to trust: Do you trust your employees to be committed to the success of the organization and the well-being of their colleagues, to have integrity, and to perform their roles to the best of their abilities? If you do, then it does not matter where they work from. If you do not have trust in your employees, the issues go far beyond a hybrid work policy.

Summary thoughts

Our views on how we work and relate to one another, our organization's role, and the purpose of our actual work have changed tremendously over the past decades, with digitization profoundly changing the fabric of our social reality. New technologies have changed our understanding of how we communicate and connect, giving birth to the idea of organizations as a living network of people with different roles achieving a common purpose.

There is no doubt that hybrid work, in different shapes and forms, will find its way into the majority of organizations. It is not just because employees largely insist on it, but also because it's effective. A recent study from Harvard Business School finds one or two days of in-person work to be beneficial for both employees and organizations. This "Intermediate hybrid work is plausibly the sweet spot, where workers enjoy flexibility and yet are not as isolated compared to peers who are predominantly working from home," (Harvard Business School, 2022). The question seems to be more of finding the right way to approach and initiate the transformation to a more flexible work-space-time setting.

The rise of remote work was accelerated not by a human decision but by a global crisis – and maybe that was the only way to effectively demonstrate that it can be done, that connection and collaboration are not bound to a physical space. However, and in line with the needs of the brain – an organ that is built for social connectedness – it did not take long to discover that people still yearn to meet physically. Hybrid work can

balance the necessary organizational stability with the self-organization that brings out the best in people.

Family businesses are known to offer tremendous flexibility and goodwill on an individual level, generously accommodating employees in times of need. We feel that family businesses are in a unique position to seize the opportunity to extend this trust to their whole workforce – and if they do, they will be paid back in full. Family businesses recognize their employees as the key to sustaining the organizational success of the past and the future – and we believe that they are uniquely equipped to enter into a fruitful dialog with leadership, the rising generation, and their workforce to define a hybrid work arrangement that fits for their organization, the vision of the family, and the needs of their workforce.

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