Organizing for the Next Normal:

Challenges and Opportunities in the Emerging Era of Remote Work

Kirstie Irmana (WG'24), Shirali Nigam (WG'24), Aarati Cohly (WG'25), Melissa Liu (UG'26)

Advisors: Jasmine Wu, Matthew Bidwell

Introduction

The rise in adoption of flexible work arrangements post-pandemic, particularly with hybrid and remote options, has transformed the landscape of hiring, retention, culture, and productivity tracking within organizations. The demand for positions offering remote work continues to escalate, attracting a broader and more experienced pool of candidates. This shift not only diversifies the talent pool but also challenges traditional working norms, necessitating innovative approaches to integrate and retain new hires effectively into organizational culture. Given the software engineers and manufacturing line workers face vastly different demands, here we explore how organizations across industries can adapt their strategies to accommodate the evolving expectations of a workforce inclined towards flexible work.

In this paper, we will be exploring the implications of remote and hybrid work through the lens of work hiring, culture, productivity, and retention. In December 2023, we held a full day convening with industry leaders and academic scholars to discuss what we have learned about remote work from literature and actionable strategies to address the challenges and opportunities associated with remote and hybrid work models. More details on the convening are here. Based on our literature review and conversations with industry leaders, here we present insights and recommendations on the impact of remote and hybrid work environments on workforce management. Our intended audience is primarily HR professionals, people analytics experts, organizational leaders, and other stakeholders involved in shaping workplace policies and practices.

Hiring and Onboarding

Flexible work options, including hybrid and remote opportunities, significantly influence hiring and the type of talent companies attract. In today's environment, where flexible work has become the norm, many individuals are reluctant to accept positions that require exclusively inperson work options. Offering remote-eligible positions tends to attract more experienced and diverse applicants. Moreover, the methods companies use to onboard staff in remote and

¹ Hsu, D. H., & Tambe, P. B. (2024). Remote Work and Job Applicant Diversity: Evidence from Technology Startups. *Management Science*.

hybrid settings are equally important. According to Glassdoor, organizations with robust onboarding programs can boost employee retention by 82% and increase productivity by over 70%.

This point was further emphasized in a conversation with a senior HR executive who stated that expectations around work and education environments have changed; people are now accustomed to remote setups. Many have realized significant savings without a noticeable compromise in outcomes. Initially, COVID-19 forced a simple translation of in-person activities to virtual formats. Over time, this evolved into more hybrid approaches, blending virtual and in-person elements as we navigated the initial challenges of technology and interaction, striving to optimize both.

While many leaders in the private sector are embracing hybrid and remote work, this new format presents several challenges. Newcomers often face uncertainty, anxiety, and social isolation, and may struggle with ambiguity about their role in a new organization. Additionally, the scarcity of social interactions in remote settings can limit access to mentoring and other forms of information exchange, potentially hampering employee performance.

Onboarding can be particularly challenging in remote settings. A research study² examines onboarding practices for 1,370 remote interns across eight divisions and 16 program cities and found that virtual interactions for newcomers do not necessarily enhance near-term performance or career outcomes. The study also highlights that reduced opportunities for social interaction can be particularly challenging for newcomers onboarding remotely. This point resonated with a senior HR employee who stated: "It's especially hard for junior workers to ask questions in a proactive and safe way — this difficulty is exacerbated in the hybrid/remote setting." Furthermore, the lack of social interactions among remote newcomers may result in missed mentoring opportunities and reduced information exchange, potentially hindering newcomer performance.³

According to Worklytics.co, the "buddy system" increased network size by 30% for new employees. However, according to an HR professional from a notable tech firm, remote onboarding challenges persisted at their company despite efforts to institute programs such as

² Choudhury, P., N Lane, J., & Bojinov, I. (2023). Virtual water coolers: A field experiment on the role of virtual interactions on organizational newcomer performance. *Harvard Business School Technology & Operations Mgt. Unit Working Paper*, (21-125).

³ Cooper, C. D., & Kurland, N. B. (2002). Telecommuting, professional isolation and employee development in public and private organizations. *Journal of Organizational Behavior, 23*(Spec Issue), 511–532. https://doi.org/10.1002/job.145; Nardi, B. A., & Whittaker, S. (2002). The place of face-to-face communication in distributed work. In P. Hinds & S. Kiesler (Eds.), *Distributed work* (pp. 83–110). Boston Review.

a buddy system. Instead, introducing self-selected communities during onboarding to broaden the support infrastructure has proven more effective, providing new hires with alternatives to seeking direct help from managers.

In response to this data, a HR professional pointed out that new hires tend to form localized networks within their first 18 months, which then begin to expand. However, they also noted that the 'quality of hire' metric hasn't changed drastically, attributing this stability to market influences on hiring. They add that those who joined the company pre-pandemic and those who came onboard around the time vaccines were introduced adjusted well, largely because they were aware they were entering a remote working environment.

In another study by Microsoft⁴, analyzing telemetry data from over 10,000 employees who joined in early 2022, reveals that new hires initially have smaller networks and engage less intensely than tenured employees during the first 24 weeks of onboarding. In fact, per Worklytics.co data, networks form more slowly post-Covid and the number of peers in your network dramatically declined during the pandemic.

Regardless, the Microsoft study shows that newcomer networks do expand gradually over time, even if it isn't at the same rate. The study also notes that the growth patterns of these networks vary based on communication media, managerial roles, and job functions. It highlights that new employees whose roles require less collaboration (i.e. engineers) may face additional challenges in socializing within the organization during their onboarding period. According to an HR employee from a large tech company, while giving employees flexibility is very important, there has also been a trade-off in terms of team collaboration and cohesion.

Our recommendations to address these issues are: investing in both human capital by hosting social events, and providing technical solutions, like recommendations and virtual "watercooler" sessions, to meet socialization needs effectively in remote/hybrid work atmospheres. Additionally, use network metrics as a toolkit to identify newcomers who might require assistance and provide these newcomers with additional support. Another recommendation is to utilize effective technologies for onboarding such as automated systems that generate one-on-one meetings with managers and other technologies that help managers focus on and devote their scarce time to onboarding their employees.

Culture

In this section, we will focus on sharing our findings with regards to how remote and hybrid work arrangements affect organizational culture. Here we define culture as the interpersonal

⁴ Yu, Y., Yang, L., Lindley, S., & Wan, M. (2023, April). Large-scale analysis of new employee network dynamics. In *Proceedings of the ACM Web Conference 2023* (pp. 2719-2730).

relationships, connections and sense of community among employees in an organization. These include interactions at the team, subgroup and organizational levels.

Overall, both employers and employees observe a negative impact on company culture after shifting to remote work. In a 2021 survey conducted by the Society for Human Resources Management, CEOs cite "maintaining culture" and "enabling collaboration / communication" as the top 2 challenges in remote work. In 2020, Slack conducted a Remote Employee Experience survey, where it was found that a "sense of belonging" has been impacted negatively by the shift towards remote work.

In the Slack survey, it was found that remote work had different effects on the "sense of belonging" of different segments of the workforce. For instance, Senior management felt an increased sense of belonging, but middle management and especially individual contributors felt a decreased sense of belonging. On the other hand, employees with kids felt an increased sense of belonging at work, whereas employees without kids generally felt a decreased sense of belonging. This is corroborated by an HR Leader from a major insurance company, who mentioned that "Interns want to join remotely after graduating, but they want to build initial connections in the beginning."

There are a few things that cause the adverse impact of remote and hybrid work on culture. Firstly, establishing trust is challenging in remote settings due to "the absence of nonverbal cues and difficulties inferring the intentions of others" 5. Secondly, informal communications are limited, making it hard for individuals to build rapport, because "Communications in virtual teams are often more formal and focus more on work-related issues." Thirdly, intra-team conflicts are also more abundant in remote settings. Internationally distributed teams, in particular, are often faced with this challenge. One example is observed in a globally distributed team where "collaborators spread across four sites 'fought among themselves as if they were enemies'... [They] did not act or feel like one cohesive team." This is also observed by a Senior Manager at a global pharmaceutical company, who said "Integrating different people is hard in remote settings."

However, we believe that there are ways to still foster a great culture in remote and hybrid settings. HR and People Analytics leaders we interacted believe there are three key factors to successfully cultivate a remote or hybrid culture.

First of all, be intentional about 1:1 check-ins. Organizations and teams need to enforce a habit of doing well-thought-out, structured, and regularly scheduled 1:1 interactions among

⁵ Morrison-Smith, S., & Ruiz, J. (2020). Challenges and barriers in virtual teams: a literature review. *SN Applied Sciences*, *2*(6), 1-33.

employees. One HR leader said that, "After closing office space, we can see who lives in the same city, and they can do 1:1s in person." An HR Director at a leading tech company said that the organization is working on "a program called Moments That Matter, in which they make more community space for 1:1s". More generally, 1:1 meetings are critical to foster deeper relationships among employees, and they are great platforms for managers to ensure clarity of work and monitor burnout with their reportees.

Secondly, for companies that have kept at least some of their office space, there are ways to use this smartly to improve hybrid culture. An HR Leader at a multinational food manufacturer believes that organizations can "use the office space as a tool". Specifically, she mentioned the idea of "'anchor days' or 'anchor weeks' by teams or departments," where various teams and departments can have a recurring schedule where they come to office together to work and meet in person. An HR Vice President at a major insurance company believes that in remote or hybrid settings, office space can be used for employment relation purposes more, citing that "now people are happy to come to office as they view it as a space and time to get together."

Thirdly, it is critical to have a savvy and supportive HR team dedicated to making culture work in remote and hybrid environments. In fact, the HR team is the key enabler in making initiatives like the ones mentioned above happen. Some HR teams even take this a step further. At Ford, the HR team used the shift to remote as a way to renew culture. They concentrated their efforts on recruiting talent outside of Michigan to bring more diversity into the organization. An HR Director at a bank said that "culture actually improved once people started working from home. This is mainly because HR was very supportive of everyone and was accommodating."

It is worth noting that managers play a critical role in making or breaking remote culture. A people analytics expert stated, "Managers are important. Remote work increased everyone's exposure to managers because they have become the main touchpoints between leadership and team members. Therefore, the pressure is on managers to drive and maintain that culture. They are the key catalyst to embody and drive culture." Another convening attendee said that, "pre-pandemic, we encourage culture, that is, the behaviors that enforce our shared beliefs, through in-office programming that incentivizes such related behaviors. However, after the pandemic, these incentives shifted to becoming more localized and team-based, so managers and team members are the ones driving this." Managers now have a big role to play in driving a great remote culture, but as mentioned by a convening attendee, "Managers are struggling with this. Organizations should do more to support and train these managers, and help them change and shape culture better." One critical thing that can help is for senior management to be consistent and transparent in their messages to mid-managers. This can in turn help mid-managers feel more assured about navigating expectations in how they should lead their teams and showcase the right cultural values to their team members.

Overall, culture is a challenging aspect to navigate in remote and hybrid settings, but there are many ways to make this work and even take advantage of these environments to make a great or even better culture than before. Organizations would need to invest heavily in HR teams that are capable of enabling this movement.

Productivity

The transition to remote and hybrid work models has precipitated a significant reevaluation of traditional productivity metrics within the corporate landscape. While several organizations have boasted skyrocketing productivity as a result of the flexibility afforded by remote work, others have expressed concerns regarding the erosion of team cohesion and the subsequent impact on innovation, suggesting that the lack of physical interaction undermines collaboration and by extension, productivity.

This juxtaposition underscores a more profound question: the challenge of defining productivity. Predominantly reliant on self-reported data, assessments of productivity in remote settings are intrinsically subjective, potentially reflecting biases towards the remote work paradigm, especially among individuals predisposed to favor such arrangements. Today, current practices for measuring "official" productivity typically revolve around, "self-reported worker data... [and] worker activity data... [such as] counting the number of emails sent or lines of code written." (HBR). However, this is still a challenge and not always suitable for senior roles, where responsibilities encompass a greater proportion of discussion, ideation, and strategic planning activities that elude straightforward quantitative evaluation, thus complicating the discourse on remote work's efficacy in enhancing organizational productivity.

Considering the lack of physical interaction and the results on collaboration and innovation, there are likely to be varied effects on individual vs. team productivity in remote work settings. While an individual may be able to increase their own output with fewer distractions at home, the quality of output may suffer as a result of decreased coordination between members, resulting in duplicative, irrelevant, or less novel work products.

Furthermore, when making productivity considerations, it is not only important to consider immediate effects on output, but also the long-term growth of a team member and lifetime productivity. A study by Emanual et al in 2023 found that teams [of engineers] working in proximity received significantly more feedback than remote teammates (especially female and younger team members), in turn reducing the likelihood of attrition and increasing learning. That being said, the proximity also resulted in reduced output from senior engineers, likely as a result of the informal mentorship task they took up as a result of being in person. This again highlights the dichotomy of how in-person vs. remote team structures affect productivity differently, for different parties.

Given the variations in productivity, both individual and at the team-level, that results from different standards for different types of teams, there has been heavy debate on the *right* way to handle this. One HR expert gave the example of nursing as something that could not be outsourced, but offering "flexible scheduling for those that cannot go remote" will help. Another noted that "having different policies for teams is not great, because most of the onground collaboration is *across* teams, not within teams." Balancing these various priorities is challenging and coming to an agreement with teams is necessary for improved productivity and engagement.

As we make recommendations on how to address this challenge, we acknowledge the Leaf Blower Problem, defined as "a lack of shared understanding and stifled creativity perpetuated as a result of inadequate collaboration technologies." ⁶ Given that the nuances of productivity in different roles and different organizations prohibit us from generating a standard quantitative metric to evaluate this, we are limited to creating opportunities for optionality and encouraging team members to engage based on what is best for their role, likely by comparing an individual to their historical performance. While the future posits a *Metaverse* or Al-enabled monitoring solutions, there are concerns that come with these technologies that will delay their adoption. In the near future, we can look to technologies like Notion as a means for fostering collaboration in a remote setting and facilitating an increase in individual productivity.

Furthermore, research has suggested that retaining at least some office space will improve productivity as it relates specifically to creativity and brainstorming. JLL⁷ in 2016 found that "[Office] costs are [approximately] 10% of wages. If an office boost[s] productivity by 10%, it pays for itself." Other research has correlated "success fostered by idea sharing as a result of proximity to colleagues." ^{8,9}. Many HR leaders further emphasize the value of office space as a "tool" vs. "location," looking at it as a mechanism to create "permitted unstructured time" like water cooler chats that create space for "purposeful gathering" and "relationship-building."

Overall, there are many considerations for an organization to make when deciding on a remote work policy as it relates to productivity, both for individuals and teams, as well as junior and senior team members. It is important to understand that each team may need to set different norms, depending on their type of work product. By utilizing *some* office space and integrating

⁶ Hecht, B., Teevan, J. and Sellen, A. The "Leaf Blower Problem" and the importance of common ground. Microsoft New Future of Work, September 2021.

⁷ JLL is a leader in the real estate sector, and thus has a strategic business interest to promote the use of office space.

⁸ Kabo, F. W., Cotton-Nessler, N., Hwang, Y., Levenstein, M. C., & Owen-Smith, J. (2014). Proximity effects on the dynamics and outcomes of scientific collaborations. *Research Policy*, *43*(9), 1469-1485.

⁹ Salazar Miranda, A., & Claudel, M. (2021). Spatial proximity matters: A study on collaboration. *Plos one*, *16*(12), e0259965.

collaboration technologies, companies can work to find the "sweet spot" for maximizing productivity for their employees.

Retention and Attrition

Remote and hybrid work have presented more flexible options for employees to engage through varying in-person and virtual options. How does this opportunity for remote work impact employee retention and attrition?

This section will explore the importance of evaluating different work modes, and how to choose to adopt a structure to best fit an organization. Research has shown that hybrid work models are the most productive. The discussions during the People Analytics convening showed that there is not one standardized method to approaching work models: some companies thrive under fully remote conditions, whereas some organizations function solely under the context of in-person collaboration.

There is no one-model-fits-all for work structure – the mode of work depends on the company – to guarantee high employee retention rates. For example, the Chief Operating Officer of a leading human capital firm has managed an entirely remote company successfully for years, citing that their virtual meetings and projects are enough to retain employees. On the other hand, the Chief Executive Officer at one of the largest retail and holiday companies claims that in-person engagements are vital to the culture and strength of the company. A Harvard Business Review article ¹⁰ supported that remote work is going away; as technology continues to improve, organizations will only be more likely to offer remote work opportunities. Similar or even more amplified sentiment is felt in startups where these companies are founded in a remote work era.

Sometimes, companies shift from in-person models to hybrid and then fully virtual. Moving from California to Philadelphia to run his warehouse management company, The Chief Executive Officer of a thriving warehouse management company claimed that his paramount decision to change the structure of his company was necessary because it reduced real estate costs and allowed for the same level of productivity within the workplace. Above all, he highlighted that the culture of his company is built upon how people are able to *efficiently* finish their work and do their best – so more emphasis on the quality of work rather than some company's cultures that want their employees to find friendship and genuine connections.

Bloom, N., Barrero, J. M., Davis, S., Meyer, B., and Mihaylov, E. (2023) Survey: Remote Work Isn't Going Away — and Executives Know It.

Research has further shown that there is a "sweet spot" ¹¹ between the extent of telecommuting and job satisfaction. Essentially, too much or too little of anything is harmful – leaders in organizations need to consider their employees' needs and what mix of remote and in-person work would be the most helpful for their success and goals. With this new emergence of hybrid work, an IWG survey ¹² praised the hybrid model for offering "greater flexibility, an improved work-life balance, more time with family and friends, and reduced stress and expense of daily commuting." Other benefits include that hybrid workers report getting an extra 90 minutes each week for exercise, an additional 71 hours of sleep every year, and improvement in retention because of better worker well-being.

As a Future of Work lead for a multinational manufacturer mentioned, it is important to use the office as a tool for work, not just a space. Being purposeful with gatherings and meetings is important for teams to stay encouraged and motivated.

Various HR leaders shared their experiences navigating the future of work in the realm of employee retention. The Director of People Analytics at one of the world's biggest social media platforms claimed that it is important to build a clear framework depending on the work structure. In their explanation, he talked about how his remote model framework is very teambased and focused on connection, intentionality, and rhythm. To break down each of these points, they communicated that connection is a focus on increasing retention, intentionality entails being intentional about bringing roles together, and rhythm means understanding individual and team dynamics. By understanding these three factors, he can better adjust the remote, hybrid, and in-person work structures.

Recent studies have shown that a hybrid work model is the most conducive to high retention rates. For example, a study¹³ with 1612 graduate engineers, marketing, and finance employees in a large technology firm found that hybrid work models increased communication. Specifically, messaging and video calls increased – which may be unsurprising. However, these increased communications actually strengthened employee relationships. This can translate to higher retention rates and more in-person communications too. The mix of in-person and remote opportunities allows employees to engage with their coworkers in different settings, thereby building deeper connections. In this study, the employees engaging with hybrid work improved self-reported work satisfaction scores. These positive experiences were uniform

¹¹ Blahopoulou, J., Ortiz-Bonnin, S., Montañez-Juan, M., Torrens Espinosa, G., & García-Buades, M. E. (2022). Telework satisfaction, wellbeing and performance in the digital era. Lessons learned during COVID-19 lockdown in Spain. *Current Psychology*, *41*(5), 2507-2520.

¹² IWG. (2022). A winning formula: The science behind a happy workforce and greater productivity.

¹³ Bloom, N. (2021). Hybrid is the future of work.

across managers and non-managers, which indicates that this work model impacts people despite their positions in the organization.

A large CRM technology company has embraced the hybrid work model successfully. Remote work is the default option for most employees, allowing them to work from home unless their job role specifically requires in-person presence. For those remote days, the company invests in robust technology infrastructure, including cloud-based collaboration tools, and video conferencing. Also, the business encourages in-person collaboration on designated days for team meetings, brainstorming sessions, and social events. Beyond flexible remote and inperson days, the company provides employees with access to flexible workspaces, including coworking spaces, hot desks, and meeting rooms, to meet their changing work needs. By encouraging a collaborative virtual environment that is effective and productive, the company is able to function at a high level even when the workers are remote. Their hybrid work model has increased employee satisfaction, improved employee engagement, reduced employee turnover, and enhanced talent attraction. These benefits are instrumental to the foundation of the technology corporation, which is cultivated through its innovative work model that offers employees autonomy over their own time.

There are also necessary factors related to hybrid work to keep attrition low, such as fair compensation for efforts, flexibility in communication avenues, employee productivity and needs, and autonomy over time. These factors are highlighted in employee's autonomy over their schedule and time. Organizational behavior research has shown that autonomy in the workplace has major positive impacts, such as increased job satisfaction, employee engagement and motivation, productivity, and skill development. All of these factors are critical in employee retention. Regardless of whether employees are in hybrid, remote, or in-person work, the compensation for all employees should be equal; bonuses should be offered based on performance, not the work mode that employees have. This would ensure higher employee retention due to fair treatment and standards. Above all, the expectations for all employees should be set in a clear statement with tasks so that employees can feel that – wherever they are – they are empowered to do their best work.

Conclusion

Summary of key findings

<u>Hiring & Onboarding:</u> Remote and hybrid work environments have both positive and negative effects on hiring and onboarding. On the one hand, remote-eligible positions attract more experienced and diverse applicants. On the other hand, onboarding new hires remotely is challenging. New remote hires end up with a smaller network of relationships in organizations,

and these networks expand more slowly over time. Other factors that make remote onboarding challenging include missed mentoring opportunities and reduced information exchange.

<u>Culture</u>: Organizational culture is generally impacted negatively by remote and hybrid environments. Both employers and employees agree on this: CEOs cite maintaining culture, as well as enabling collaboration and communication as the top two challenges in remote work. On the other hand, employees cite that their sense of belonging is negatively impacted by remote work (this is especially acute for individual contributors and employees without kids)

<u>Productivity:</u> There is a mixed view on how remote work affects workers' productivity. On the one hand, individual productivity is boosted due to flexibility in remote work (i.e. fewer distractions at home). On the other hand, remote work undermines team collaboration and less feedback, which ultimately leads to lower quality and less innovative work output. However, it is generally agreed that retaining some office space can improve productivity, as the office space can serve as a space for creativity and brainstorming.

Retention & Attrition: Hybrid model has the best impact on employee retention. The combination of in-person and remote interaction opportunities allows employees to engage with each other in different settings, which in turn allows them to foster deeper relationships. Hybrid model also offers greater flexibility, improves work-life balance, allows more time with friends, reduces stress levels, and saves on commuting expenses. These factors lead to an increase in employees' well-being and result in higher employee retention.

Implications and recommendations

"As the pandemic has shown, most of us can work from home—it served as a proof of concept," says Kory Kantenga, senior economist at LinkedIn. While not all jobs are suited for remote work i.e. many roles in the medical field, the majority of executives at our recent convening supported increasing workplace flexibility. However, remote work can sometimes lead to teams feeling disjointed and disconnected. To address these challenges, the following are recommendations—sourced from both the convening participants and relevant studies—to help bridge these gaps and enhance team cohesion in remote settings.

Space:

- Develop physical spaces, such as converted hotel spaces, for individuals with purely remote work options to foster a sense of workplace.
- Rethink office design to transform traditional work environments into community hubs that facilitate collaboration and social interaction.

Human Capital Investments:

- Invest in human capital by hosting social events, such as monthly coffee chats where team members from different levels are randomly paired to discuss non-work-related topics, using automated tools like Slack's Donut feature to facilitate these interactions.
- Organize monthly all-team meetings, dedicating the first 10 minutes to celebrating team achievements and fostering a positive work culture.
- Establish one-on-one mentorship programs and promote management practices that support employee development and engagement.

Inclusive Management:

- Define clear norms to distinguish between issues that require meetings and those that do not, optimizing time management and reducing unnecessary meetings.
- Increase the use of asynchronous communication methods where synchronous meetings are not essential, allowing flexibility in team interactions.
- Provide specialized training for managers on supporting employees who may feel isolated, enhancing their ability to address the unique challenges of remote work.
- Tailor training programs to reflect the specific characteristics and needs of the team, ensuring relevance and effectiveness.

Web-Based Technologies:

- Leverage web-based technologies to overcome challenges related to socializing new employees, such as using network metrics to identify newcomers in need of support.
- Implement technology solutions to recreate the spontaneous interactions that occur in physical office settings, thereby enhancing creativity and feedback exchange.
- Establish clear guidelines on the appropriate communication channels for different types of messages to streamline communication.
- Utilize tools like the Adobe Life app for connecting people and Al-enhanced tools for automated notetaking during meetings or daily communication tone tips, as seen with Microsoft's Teams Coach.