

Navigating the “New Normal”: How Can Managers Balance the Benefits and Drawbacks of Hybrid Work?

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Abstract. As organizations transition into the post-pandemic world, a paradigm shift is occurring regarding the structure of work. Specifically, temporary accommodations companies made to facilitate at-home work in the midst of the COVID-19 crisis are settling into more permanent changes involving flexibility about where and when employees do their jobs. While surveys show the benefits of working remotely are highly valued by employees, potential negative effects, sometimes subtle and long-term in nature, are beginning to garner attention. As such, achieving the “best of both worlds”, that is, attracting and retaining employees by offering the flexibility they desire while mitigating remote work’s potential downsides, is emerging as a key challenge for managers. This classroom exercise introduces management students to this dilemma and engages them in generating possible solutions.

Keywords: remote work, hybrid work, COVID-19 crisis.

1. Introduction

Flexible work arrangements, including remote work, have been growing in popularity for a number of years, due in part to increasing globalization in the business world and advances in communication technologies. However, the COVID-19 crisis and associated lockdowns greatly accelerated their widespread adoption. As a result, remote work has fundamentally changed what “going to work” means for many employees today. Research conducted by the McKinsey Global Institute estimated that 20 – 25% of workers in advanced economies will continue to work from home at least three days per week, which is four to five times the pre-pandemic level (Lund *et al.* 2021). Some high-profile tech companies have embraced 100% remote work schedules, for example, Salesforce, Meta, and Twitter (Colvin 2022). Other big firms are moving in the opposite direction with return-to-office mandates, for example, Disney, Apple, and Amazon, igniting significant push-back from employees (Nolan 2022; Telford 2023; Werner 2023). A popular format appears to be a middle-of-the-road approach, that is, a ‘hybrid’ work structure that includes some workdays in the

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office and others at home (Alexander *et al.* 2021; Boyle 2023; De Smet *et al.* 2021; PriceWaterhouseCoopers 2021; Van Dam 2022). While the hybrid approach may satisfy employees’ desire for continuing the work-life flexibility they experienced during the pandemic lockdown, its complexity presents challenges for managers, both logistically and in managing the social, developmental, and cultural aspects of the workplace.

The classroom discussion exercise presented here asks students to think about and discuss the particular management challenges created by this dramatic increase in remote work, and to generate solutions for those challenges. Its contribution lies in developing students’ critical thinking skills as they apply them to a highly relevant, contemporary business issue. The relatability and engaging nature of the hypothetical scenario embedded in this exercise should add value to students’ learning in a way a class lecture on the same topic cannot.

The article begins by briefly outlining the perceived benefits of working remotely that surveys indicate employees want to retain, along with some of the potential drawbacks about which they express concern. Next is a consideration of the potential problems hybrid work structures may create for organizations and their managers. Following this is a description of the classroom discussion exercise, which involves a hypothetical scenario with accompanying questions. As noted above, its objective is to expose students to some of the complexities of managing hybrid work, engaging their critical thinking skills to generate strategies for balancing its benefits and potential downsides.

2. Employees Working Remotely: What Do They Value? Are There Drawbacks?

Research on the consequences of the recent, extensive use of remote working is just beginning to emerge, with most of the evidence coming from surveys of employees and managers about their experiences working away from the office and their interest in seeing it continue. On the employee side, surveys clearly show a strong preference for working remotely, at least part of the time. Indeed, results point to its availability being a key driver of employees’ intentions to remain with their current employer and / or a key feature they will look for when seeking a new position (Dowling *et al.* 2022; Goldberg & Casselman 2023; Tatum 2023; Telford 2022). Research indicates remote work is disproportionately favored by women, people with disabilities, employees from other under-represented groups, and those with young children (Alexander *et al.* 2021; Dowling *et al.* 2022; Ward 2023; Williams *et al.* 2021). The very positive employee reaction to working from home can be attributed to a few readily apparent, immediate benefits. The most frequently cited upside is increased schedule flexibility, enabling workers to more easily balance work and family responsibilities as well as fit in recreational and fitness activities. Also

appreciated is the reduction in commuting time and its associated costs and stress. As well, some employees claim they work more productively and with greater concentration when at home compared to in the office (Bloom *et al.* 2023; Cappelli 2021; Charalampous *et al.* 2022; Robinson 2022; Shellenbarger 2006).

The feedback from employees is not completely positive, though. While remote work's benefits as briefly described above are straightforward and immediately evident, some employees are beginning to acknowledge drawbacks that are more subtle and take a while to emerge. Chief among these are feelings of isolation and disconnection from coworkers that can creep up over time, as employees miss the social interaction, conversations, and informal helping they may have taken for granted when working in an office environment. Supporting this is research that has found team-member exchange quality decreases as the frequency of remote work increases in an organization. Interestingly, this study did not find similar declines in leader-member exchange quality, perhaps because remote workers prioritize maintaining relationships with managers over relationships with coworkers (Golden 2006).

In addition, some remote workers note the difficulty in getting quick answers to questions when connecting virtually rather than in-person with coworkers and managers (Cappelli 2021; Charalampous *et al.* 2022; Dowling *et al.* 2022; Tatum 2023). Less access to opportunities deemed critical for career advancement, an "out-of-sight, out-of-mind" fear, arises as a potential cost, with some research indicating that remote workers may indeed experience such a career penalty (Golden & Eddleston 2020; Kessler 2021; Shellenbarger 2006). Related concerns center on performance appraisal bias favoring employees with more "face time", as well as greater anxiety about the risk of layoff (Cappelli 2021; Fosslie & Gottlieb-Cohen 2023). Anecdotally, the fear of bias against remote workers appears validated by comments from at least one high-profile CEO, with Elon Musk writing on Twitter that Tesla remote workers "should pretend to work somewhere else" (Franklin 2022).

Finally, many work-from-home employees express difficulty in disconnecting from work and frustration with a perceived expectation that they will be connected virtually and always be available (Charalampous *et al.* 2022; De Smet *et al.* 2021; McGregor 2021, May 4). Longitudinal research supports this concern, as a lack of psychological detachment, i.e., "switching off" during after-work hours, predicted emotional exhaustion one year later. The study also found a moderator effect, such that job demands led to more psychosomatic complaints and lower work engagement when psychological detachment was low (Sonnetag *et al.* 2010). Interestingly, some employees have expressed reluctance to voice misgivings like these about remote work arrangements, fearing that doing so may open the door for management to take away the work-from-home option (Tatum 2023).

3. Employees Working Remotely: What Challenges Does It Pose for Organizations and Their Managers?

While many employees say they want to continue working remotely, surveys indicate managers have a less favorable view (Bloom *et al.* 2023; De Smet *et al.* 2021; PriceWaterhouseCoopers 2021). Among the most commonly cited issues managers voice about remote work is their perception that it negatively impacts productivity, collaboration, and innovation. Relatedly, executives express concern about how work-from-home may gradually erode company culture and employees’ sense of belonging (Colvin 2022; De Smet *et al.* 2021; McGregor 2021, May 4; Nolan 2022; Olen 2023; PriceWaterhouseCoopers 2021). As Amazon CEO Andy Jassy wrote in a note to employees explaining the company’s return-to-office policy, “Invention is often sloppy. It wanders and meanders and marinates. Serendipitous interactions help it, and there are more of those in-person than virtually” (Werner 2023). Indeed, studies confirm the negative effects remote working and virtual communication can have on the strength of networks that link coworkers, their creativity, and their feelings of connection with the company culture (Alexander *et al.* 2020; Goldberg 2023; Gratton 2023; *Harvard Business Review* 2022). Additionally, remote work may be especially hard on a company’s new hires, as they lack access to the informal learning and mentorship that occurs in the office setting (Cascio 2000; Colvin 2022; Jassy 2023). Supporting this are findings from one of the first major studies to focus on a specific downside of remote work: junior software engineers at a large technology company received less feedback from senior employees when they worked remotely, and this negative effect was greater for female engineers (Goldberg & Casselman 2023).

As noted above, a hybrid work structure – with some employees working on-site and others from home – appears to be the most popular arrangement for companies that are allowing some degree of remote work post-COVID. The hybrid structure may present even more complexities for organizations and their managers than does a fully remote workforce (Alexander *et al.* 2020; De Smet *et al.* 2021). Some questions that will need to be considered include:

- Will workers be given the option of choosing a hybrid schedule, or will there be a blanket policy that applies to everyone?
- For those with a hybrid schedule, will in-office days be by employee choice and flexible from week-to-week or seasonally, or a fixed schedule either dictated by managers or jointly set?
- Will new hires be treated differently to facilitate successful socialization?