# Hybrid working here to stay

**Businesses see modernizing their workplace as top transformation priority**

*Insights from employees and business leaders in Qatar*

Microsoft

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# Microsoft foreword

While most companies have had the tools to support remote work for several years, many have stuck to a traditional office-based model. Then the pandemic hit. Almost overnight, organizations were enabling remote work for employees across divisions. With offices now starting to open back up, the key question I'm hearing from our customer: What does the next normal look like for the modern workplace?

We recently commissioned new research with Boston Consulting Group and KRC Research to help our customers answer this question, navigate this uncertain time and best support their talent.

The feedback from both leaders and employees is clear: everyone wants a more flexible future. The majority of leaders see flexible working as a powerful way to retain top talent while, at the same time, achieving greater efficiencies. Among employees, there is a real desire for balance. Overall, people want to spend fewer days a week in their office.

However, the move to remote working has had pain points. Employees report less team cohesion and a decrease in collaboration.  This is a red flag for any company that wants to stay a step ahead of the competition. After all, how can new ideas thrive if people don't feel part of a trusted team with a clear shared goal?

Further, the majority of managers report that they don't feel fully prepared to lead teams in which people are working remotely – particularly with regard to balancing delegation, while promoting a sense of empowerment among team members.

What can businesses learn from those companies that have performed the best in the move to more remote working?

Please read on for helpful insights.

# Chapter I: Hybrid working is here to stay

## Expectations among leaders and workers have changed

The time spent working primarily from home during periods of lockdown or social distancing has changed people's expectations about the workplace – among both employees and leadership.

More than nine out of ten leaders (94%) expect a more hybrid way of working in the longer-term and a clear majority of companies (74%) now have a flexible work policy.

Employee want more flexibility too: on average, people would like to spend approximately two out of every five working days based outside of the office.

## Leaders see long-term benefits associated with hybrid working

Leaders see compelling business value in maintaining a more hybrid approach to working. Most have seen productivity remain strong, with 85% saying productivity has either stayed the same or improved since remote ways of working became more common. Further, a majority (78%) expect remote working to deliver cost savings as they will be able to take steps such as reducing their office footprint and their spend on business travel.

Beyond increased efficiencies and productivity, leaders recognize other benefits as well. Many (61%) see the opportunity to bolster talent retention. A majority of leaders (65%) also see increased sustainability as a key business reason to adopt remote working, seeing it as an opportunity play a part in reducing rush-hour congestion and non-essential business travel.

**About nine out of ten leaders expect hybrid working to continue**
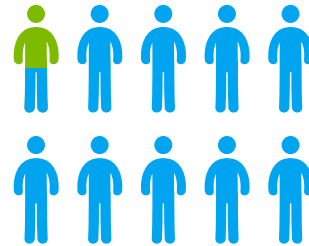
# Employees found many benefits associated with remote working

Workers see numerous benefits with working outside of the office. These range from having more time for family and hobbies, as they're not spending time on things like commuting, to feeling like they can present themselves more authentically in their professional lives.

Employees reported numerous perceived benefits associated with working from home

**64%**
More time with children

**52%**
Personalized workspace

**39%**
Dressing more casually

**29%**
Working with pet by my side

**25%**
bringing whole self to work

**15%**
more time for hobbies

# Chapter II:
## Employers to address team culture and collaboration in hybrid world

While people are seeing benefits associated with hybrid ways of working, the rapid shift to remote work has revealed some challenges at the intersection of technology and business culture. When asked about the biggest challenges associated with working remotely, the top responses among employees were:

1)      Coping with increased siloes
2)      Maintaining company culture
3)      Maintaining team cohesion

Workers also reported that a large percentage of their time isn't used effectively – with up to 32% of time going toward things like unnecessary interruptions and meetings and calls with no clear agenda.

Workplace innovation is top-of-mind among senior staff. When asked about their transformation priorities, **95% of leaders indicated the importance of changing their company's ways of working as a top transformation priority.**

# Chapter III:
# Guidance for business leaders – key learnings from companies that are delivering on productivity and innovation



This is a challenging environment for all businesses, but there are companies that have been able to maintain an innovative culture, which makes them better poised to succeed in a hybrid world. We can broadly define an innovative workplace culture as an environment in which it is easy to share and advance new ideas.

Companies with innovative workplace cultures are winning in terms of not only enjoying a better flow of new thinking – they are also excelling in terms of productivity and employee engagement.

Eighty-two percent of workers in innovative companies report being equally or more productive with the introduction of more remote ways of working; this drops to 64% among peers working in less innovative companies.

Companies with a focus on innovation in the workplace also enjoy an advantage in terms of employee engagement: 77% of those working in innovative cultures are happy at work – 63% of employees in less innovative company cultures feel similarly.

How can all companies help create an innovative workplace culture?

## How do we define innovation:

*In highly innovative business cultures:*
- *Employees can tackle problems in new ways*
- *Employees are supported to develop new ideas*
- *Organizations are flexible in adapting to operational changes*

*Our research explored four aspects of leaders' innovation:*
- *Products and services*
- *Customer experience*
- *Business operations*
- *Ways of working*

## 1. Empower Teams

Companies with innovative cultures have employees who feel truly empowered.

These workers are likelier to say they work on business-critical tasks. Further, they tend to feel safer speaking up to share new ideas and suggestions. Underpinning this, the majority of employees in innovative workplaces feel like it is okay to make mistakes.

Senior leaders of these companies ensure people feel they are an important part of the business's broader goals and are likelier to have employees who say they feel there is a strong, shared vision within the company; and agree that they feel a real sense of belonging.

**76%**

**56%**
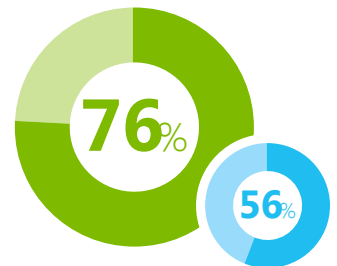
**It's safe to speak up**
(76% vs. 56% in less innovative cultures)

## 2. Protect and promote employees' ability to work in a flow state

When employees are able to put their full attention and effort into a task, it leads to superior output and provides the workers with a deeper sense of satisfaction. This is often referred to as working in a 'flow state' and is sometimes called 'being in the zone.' When an employee can operate in this manner, they find work so captivating that they are able to focus completely on it, while still feeling a sense of enjoyment.

In businesses with innovative workplace cultures, 57% of the workforce say they are frequently able to get into such a flow state. Only 30% say so in less innovative companies.

**More innovative companies**

**57%**

**30%**

**Less innovative companies**
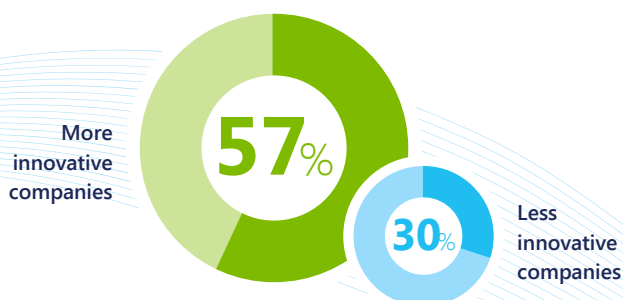
Not only do innovative cultures foster greater flow states, but in a reciprocal fashion, when employees experience flow, it can help further build and strengthen innovative cultures. The majority of employees able to work in a flow state report they (1) proactively offer solutions for addressing challenges (80% say they do this) and (2) proactively suggest more effective ways of working to their managers (80% indicate they do this).

## 3. Support middle management

In having to rapidly adapt to the challenges posed by the pandemic, senior leaders have had to contend with critical issues – from ensuring basic business continuity, to balancing customer needs with employee safety. So, bandwidth to support middle management has likely been more limited, with 40% saying that they do not get the support they need from senior leadership. Similarly, the majority of managers (84%) said they feel they have not effectively learned how to delegate and empower virtual teams. As such, there is a significant opportunity for many businesses to focus on training these team leaders.

Managers in innovative companies approach their jobs in a different way than their peers in less innovative companies. They are delicately balancing people's need for regular, open dialogue while at the same time allowing freedom in how people approach their roles. As importantly, they prioritize the human element of their role – thinking not just about individuals' performance, but their overall well-being too.

*"For many businesses, their normal day-to-day reality has been based in a traditional office setting. So...it's hard for many workers to quickly adapt to a new way of remote working. This includes managers and leaders who face the challenge of not only making sure core business objectives are met in times of increased uncertainty, but also ensuring their teams stay cohesive and engaged during a stressful time"*
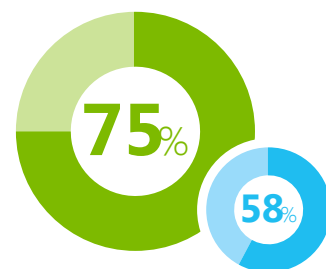*Sarah Fisher, General Manager, Human Resources, Microsoft EMEA*
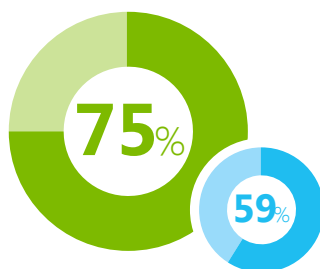
**75**% **59**%
**I can work the way I choose**
(75% vs. 59% in less innovative cultures)
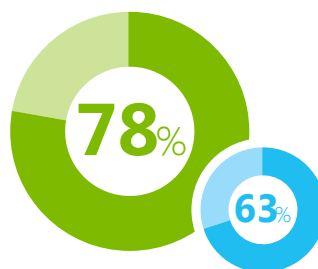
**78**% **63**%
**I receive feedback frequently**
(78% vs. 63% in less innovative cultures)

**75**% **58**%
**Manager protects work-life balance**
(75% vs. 58% in less innovative cultures)

# Key takeaways

- Hybrid work is there to stay: employers see an opportunity to drive efficiencies while improving retention, while workers welcome the opportunity for more flexibility.
- Employees cited company culture, team cohesion and the ability to easily collaborate as the biggest pain points in the move to remote work. Management recognizes this challenge as well, with almost every leader citing workplace transformation as a top business transformation priority.
- Businesses that are performing the best vary in three important ways:
  - **Empower teams** – People in innovative workplace cultures feel empowered to take on business-critical tasks and speak up. In parallel, they receive support from all levels of leadership, clear communication around the business's broader vision.
  - **Protect employees' attention** – When people are able to work in a flow state, they are not only engaged and doing quality work – they are proactively thinking about how approach challenges in new ways and how to work more effectively.
  - **Support middle management** – Currently, the majority of managers report they don't feel fully prepared to lead remote/hybrid teams. As such, training efforts – and ongoing coaching from senior staff – is key.

# Methodology

Microsoft commissioned research in Qatar in September 2020. The online survey was designed and conducted by KRC Research in partnership with Boston Consulting Group and supervised by Dr. Michael Parke, professor at The Wharton School of the University of Pennsylvania. KRC polled approximately 600 respondents in Qatar (500 employees and 100 managers).

The survey included respondents from 11 industries: basic materials, consumer goods, consumer services, financials, health care, industrials, energy, public sector, technology, telecommunications and utilities. Respondents were not informed that Microsoft commissioned the survey.

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