

# The New Age of Work

REMOTE AND HYBRID WORK IN A  
POST-PANDEMIC WORLD



**THIS REPORT:**

- Discusses the pros and cons of remote work.
- Addresses compensation and benefits considerations when going fully remote.
- Provides examples of organizations that have gone fully remote or hybrid.
- Offers steps employers can take to create a long-term remote work strategy.
- Discusses why the future of work may be both remote and hybrid.
- Offers examples of how some organizations are implementing a hybrid work model.



Under normal circumstances, when an employer wants to roll out a new employee program, there's plenty of time to plan for it. To look at the pros, the cons, the costs. To perhaps convene some employee focus groups to solicit feedback, determine how success will be measured, run a few pilot programs, and then carefully design the new program and roll it out.

Employers everywhere were forced to throw out that playbook when the COVID-19 pandemic hit. For organizations to survive, employees were sent home to work remotely—for what was initially thought to be just for perhaps a few weeks or so. More than twenty months later and counting, as the pandemic continues, many employees are still working remotely.

It was difficult at first for employers and employees alike. Daily communication between managers and employees changed from a quick conversation in a hallway to a pre-scheduled Zoom call. Lots of Zoom calls, which led to Zoom fatigue. Employees also had to learn how to manage family and business under one roof, and for many, to juggle work with homeschooling. It was, simply put, a stressful time.

But as time passed, employees settled in, figured it out, and decided they liked the flexibility remote work offered, and employers realized it was possible for many employees to work remotely quite productively. Remote work—or a hybrid, where employees work some days from home and some days from the office—seems to be here to stay.

A recent survey by the research nonprofit, The Conference Board, found that 77 percent of employers are allowing remote

work at their organizations, and 82 percent are allowing hybrid work schedules. And while 42 percent of employers are requiring some employees to return to the workplace full time, only 8 percent are requiring all employees to return to the workplace full time (Erickson & Cohen, 2021). Research by Mursion Inc., a virtual reality company, also found that only 9 percent of managers and 13 percent of employees plan to go back to the workplace full time in the next six months (Christie, 2021).

Employers may want to carefully listen to what employees want in terms of remote work because today, on top of a pandemic, employers need to deal with the Great Resignation. Employees have had plenty of time to reassess their work-life priorities, and many have decided that realignment is necessary. In August 2021, according to the U.S. Department of Labor, a record 4.3 million U.S. workers quit their jobs; the previous record was set in July 2021, when 4 million U.S. workers voluntarily left their jobs.

**What are employers allowing at their organizations?**

**82%**  
Hybrid work schedules

**77%**  
Remote work

**42%**  
Some employees return to the workplace full time.

**8%**  
All employees return to the workplace full time.

## Why Employees— and Employers— Like Remote Work

At the start of the pandemic, remote work allowed business to continue, kept employees safe, and allowed them to earn a paycheck. As time went on, though, employees discovered a new reason to like remote work—the flexibility it offers. And if that flexibility is not offered, employees may well look for a job elsewhere.

A recent WorldatWork survey found that 76 percent of respondents said work schedule was the factor most likely to influence job selection, and 65 percent said the ability to work remotely was somewhat important to them in job selection (WorldatWork, 2021).

That same survey found that the desire to work remotely differs among men, women, age groups, and industry. Women, for example, said work schedule and location were the two attributes that have a higher influence on them in job selection; men did not list these two attributes as the two most important. And workers ages 18-34 said they valued the ability to work from home each day.

Employees in the communications/media industry were more likely than those in other industries to indicate that the ability to work from home daily would be a top influencing attribute during job selection, but employees in other industries also said that the ability to work remotely would be extremely or very influential during job selection, see Table 1.

Remote work, when done right, notes Tsedal Neeley, a Harvard University professor of business, increases employees' commitment to their organizations and their performance and decreases attrition (George, 2021).

Other pros to remote work include:

- **Time savings.** Remote work eliminates the need for long commutes, freeing up worker's time. It also reduces work-related travel to other cities.

- **Schedule flexibility.** Remote work not only offers flexibility in where work gets done, but also when it gets done.
- **Cost savings.** Remote work saves workers money by saving on commuting costs, and saves organizations money by reducing the costs of business-related travel (George, 2021).

Employers also found remote work surprisingly beneficial to their organizations. Ninety percent of HR professionals responding to the WorldatWork Worker Value Equation Study said that worker productivity during the COVID-19 pandemic remained the same or actually increased (WorldatWork, 2020).

Employers that have gone fully or mostly remote have also saved on real estate costs. A World50 survey found that nearly half (46 percent) of the senior executives responding said they had scaled back the size of their real estate footprint; of those, 34 percent said those changes were relatively small, and 12 percent said those changes were substantial (McGregor, 2021).

In addition to flexibility and cost reductions, says Peter Cappelli, professor of management at the Wharton School of the University of Pennsylvania, remote work may allow employees to relocate to more affordable or convenient areas, not just within the United States but globally as well. Conversely, remote work removes geographic barriers to recruiting and hiring employees, and that widens the talent pool, potentially improving employers' diversity, equity, and inclusion efforts.

## Remote Work Challenges

Remote work does come with some challenges, however. Being away from coworkers and the social support network that the workplace offers caused many employees to report lower morale, and lower morale can negatively impact job performance and employee productivity (York, 2021). There is also concern that lack of in-person interaction could negatively impact mental health (Christie, 2021).



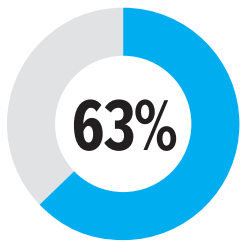
**TABLE 1**

**Industries where the ability to work remotely would be extremely or very influential during job selection.**

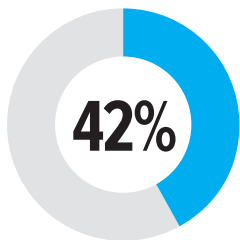
%	Industry
60%	IT
50%	Communications/ Media
48%	Energy
45%	Consulting/ Professional Services
44%	Real Estate
42%	Financial Services
40%	Distribution/ Wholesale
34%	Retail
34%	Hospitality
34%	Other
33%	Manufacturing
32%	Health Care/ Pharmaceutical

Source: WorldatWork, 2021

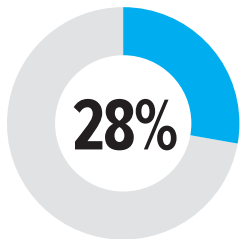
**Burnout is also a concern for remote employees:**



**Say it's difficult to shut down after work.**



**Tend to work longer hours.**



**Worked weekends or holidays.**



Burnout is also a concern. A survey by Clever Real Estate found that 63 percent of remote employees said it was difficult to shut down after work. That survey also found that remote employees tend to work longer hours, with 42 percent saying they started the workday earlier and ended it later; 28 percent also said they had worked weekends or holidays (Christie, 2021). And like low employee morale, burnout can lower productivity.

Remote work can also lower trust among coworkers who have never met in person, and this can make collaboration more difficult (George, 2021).

Another challenge to remote work: Employees are realizing what isn't working for them in their jobs. This, combined with a reevaluation of work-life priorities has contributed, many believe, to the Great Resignation employers are experiencing today (York, 2021).

Perhaps the biggest challenge to remote work, employers note, is the decrease in effective communication across an organization. The Mursion survey, for example, found a decline in important conversations and work tasks: Just 35 percent of managers responding to that survey said they had given employees a performance review in the past year. Mark Atkinson, CEO of Mursion, said that companies that don't foster a more connected and communicative virtual environment could see remote work backfire. If communication fails, says Atkinson, organizations will see their culture and values erode, and ultimately, so will organizational performance (Christie, 2021). Organizations that remain remote, then, must devise creative ways to ensure that communication remains timely and effective in a virtual world.

## Remote Work and Compensation

When Facebook announced that, beginning June 15, 2021, workers at all levels would be able to request to work remotely full time after the pandemic, it also

announced that remote workers who move away from Silicon Valley to a more affordable location could expect their pay to be adjusted based on local market rates. VMware, a cloud computing and virtualization technology company headquartered in Palo Alto, Calif., announced a similar pay-localization structure. San-Francisco-based Reddit, however, announced in October 2020 that it was eliminating "geographic compensation zones" in the United States (Athitakis, 2021).

As employees increasingly work from anywhere, employers are finding it difficult to set compensation rates. This is because the traditional approach to determining compensation has been a supply-and-demand system based on two factors:

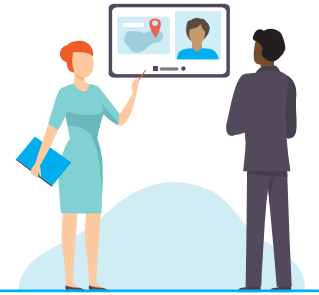
1. **The cost of living in a particular area:** Determined by considering the price of goods, services, housing, and tax rates in the area.
2. **The cost of labor:** The predominant pay for a particular role in a specific location with consideration given to industry, years of experience and/or seniority, and responsibility.

But with the rise of remote work, and the movement of employees across locations, that compensation model has been turned on its head.

There are four approaches employers can consider when setting compensation levels for work-from-anywhere employees:

1. **Align all compensation with company headquarters.** This way, an employee's location becomes irrelevant. This approach—the one Reddit has adopted—is based on the philosophy that a role has a certain value, and it doesn't matter where the role is located.
2. **Set current market-level pay for the employee's location.** In other words, pay remote employees based on how other organizations in their location pay for a similar position. If using this approach, the employer must

When deciding which approach to take in determining compensation for remote workers, employers may want to consider the increasingly tight labor market—competition for jobs is expanding globally—and industry as well.



maintain a competitive pay offering by location for every remote worker.

3. **Develop a geographic differentials structure.** This approach provides differences in compensation but not by every individual and location, but rather by “zones.”
4. **Pay based on the cost of living.** In this approach, employers set pay based on the headquarters location, and then adjust compensation—up or down—based on the cost-of-living where the remote employee is working (WorldatWork, November/December 2020).

When deciding which approach to take in determining compensation for remote workers, employers may want to consider the increasingly tight labor market—competition for jobs is expanding globally—and industry as well. IT workers, for example, who face a pay cut because they moved to less expensive areas may well leave the company and work for one that doesn’t adjust pay based on location (Athitakis, 2021).

Like Facebook and VMWare, Twitter also announced that it was moving permanently to remote work and adopted the pay-localization approach. Twitter had been experimenting with remote work before the pandemic by sending employees in the same building to different rooms to test out virtual meetings, creating a sign language system to use during those meetings, and establishing other rules for video conferences. Jennifer Christie, Twitter’s human resources chief, says the flexibility remote work offers workers is “the fourth industrial revolution” because it will fundamentally change the way people work (Christie, 2021).

PwC also announced that its 40,000 U.S. workers could now work remotely from anywhere in the continental United States, with pay determined by geographic location. Employees were given two weeks to alert their managers if they were interested in working remotely (McGovern, 2021).

Alameda, Calif.-based Abbott Diabetes Care has also moved to remote work. Michael Johnson, division vice president of human resources, said that pre-pandemic, the company had always emphasized in-person collaboration because they believed it led to better results. The pandemic, though, showed the company that employees could produce quality outcomes while working apart (Christie, 2020).

Not all employers are sold on remote, however. In an interview with The Wall Street Journal in September 2020, Netflix CEO Reed Hastings said that not being able to have employees get together in person was a “pure negative,” although he did suggest that many companies would eventually shift to a four-days-in, one-day-home workweek (Vincent, 2020).

Hastings’ view on remote work doesn’t seem to be shared by many other senior executives. According to FlexJobs, an online job service, here are just some of the companies that have decided to either go completely remote or are offering remote and hybrid options to their employees (Courtney, n.d.):

**Companies that have decided to either go completely remote or are offering remote and hybrid options:**

- Adobe
- Amazon
- Apple
- Capital One
- Dropbox
- Ford Motor Company
- Hub Spot
- Microsoft
- Nationwide Insurance
- Salesforce Company
- Spotify
- Verizon
- Zoom

For remote work to succeed, employers must have a long-term strategy in place, but the Mursion survey found that more than one-third of large companies lacked a long-term strategy (Mursion, 2021). Developing a long-term remote work strategy will increase the likelihood of success for a remote work program.

When developing a long-term remote work strategy, keep in mind that while the pandemic changed where employees work, it didn't change the actual work itself. Employers should focus more on goals, expectations, and outcomes, and less on the clock and location.



## How to Create a Long-Term Remote Work Strategy

Heidi Lynne Kurter, a senior contributor to Forbes magazine, offers the following steps employers can take to create a long-term remote work strategy.

- 1. Revisit policies.** When developing a work-from-home policy, consider how other policies may be affected. As employees cross geographic boundaries, for example, employers will find that state labor laws differ. Employers may want to establish parameters about where employees can work. Employers should also review cybersecurity policies because remote workers may work in public places and in homes where other people have access to the network they are using.
- 2. Reimagine company culture.** One of the challenges employers found when going to remote work during the pandemic was the negative effect remote work had on company culture. Ask employees how the organization can build and maintain company culture remotely.
- 3. Rethink communication practices.** Establish guidelines for real-time and asynchronous communication so everyone knows how to communicate, using the right method at the right time—Twitter's use of hand signals during video calls, for example. When establishing communication guidelines, consider email, collaborative documents like Google Docs, shared to-do lists, videos, and communication platforms like Slack.
- 4. Redesign perks and benefits.** Consider the following questions when designing a remote work strategy: Will the company subsidize home internet bills to ensure remote employees have sufficient bandwidth to do their jobs? Will the

company provide a home-office setup like desks, chairs, equipment, supplies and ongoing technical support? Will the company offer family benefits like in-home childcare and/or elder care subsidies? Will the company offer flexible schedules?

- 5. Anticipate delivering training differently.** Remote workers will still need to be trained and retrained, but in-person training is quickly going by the wayside. Consider delivering training in a variety of ways—via Slack, email, gamification, etc.—to not only appeal to different learning styles, but to also make training accessible to remote workers (Kurter, 2021).

When developing a long-term remote work strategy, keep in mind that while the pandemic changed where employees work, it didn't change the actual work itself. Employers should focus more on goals, expectations, and outcomes, and less on the clock and location (McGovern, 2021).

These steps can help employers develop a remote-work strategy, and while many employees want to continue to work entirely remotely, others want to work remotely just part of the time. Companies are trying to accommodate these varying needs. Capital One, for example, is offering a hybrid model to employees with no minimum days of working in the office required, and some Capital One employees can work 100 percent remotely. Dropbox has gone 100 percent remote, and existing office space will become Dropbox Studios, where people can choose to go into work. At HubSpot, employees have a choice of three different options: work from home, work from the office two or fewer days a week, or work from the office three or more days a week (Courtney, n.d.).



As Cappelli says, the future of work may well be a remote-hybrid combination (Patel, 2021).

## The Hybrid Model

The hybrid model is that middle ground between 100 percent remote work and 100 percent in-office work. It offers workers the flexibility they want while addressing employer concerns about maintaining its corporate culture. In a recent survey by Gartner, 82 percent of senior executives said they planned to allow employees to work from home part of the time. When asked how many days per week they expect employees to report to an office, senior executives said three days a week; however, employees said they wanted to work from home three days a week (Briggs, 2021). The World50 survey also asked senior executives how many days a week they expected their employees to work in the office, and 41 percent said between one and four days a week. Thirty-eight percent said they hadn't yet set a requirement. Obviously, these are early days in the new age of work; expect hybrid models to change as organizational needs change.

**When considering a hybrid model, employers should consider asking the following questions:**



- Do employees have to ask permission from their managers to work from home?
- How many days a week can they work from home? 
- Are there days when the entire team should be in the office?
- Will certain roles always be onsite or always remote? If so, which roles will always be onsite and which roles will always be remote?
- How will employers ensure streamlined communication to all employees, regardless of where they work? (Briggs, 2021.) 

What is becoming increasingly clear: No “one-size-fits-all” model of hybrid work has yet to emerge. Organizations are determining their hybrid models based on their own needs—and those needs may well change. Adaptability is going to be key for organizations adopting hybrid work models.

## EXAMPLES OF HYBRID WORK MODELS



Citigroup's hybrid model is a 50/50 mix. Employees work half the time remotely and half the time in the office. Hybrid work is not available to everyone, however. Data center and branch bank employees must be in-person, and some employees can be entirely remote. Each role in the company was redefined as “hybrid,” “remote,” or “resident.”



At Microsoft, employees can work from home at least 50 percent of the time, but they can get their manager's approval to increase their remote schedules.



Target announced that it would be closing their corporate headquarters of nearly 40 years in Minneapolis, Minnesota. Some employees will remain entirely remote, while others will be reassigned to different office locations within the region.



Lockheed Martin is allowing up to 45 percent of the company to go hybrid, but has required managers to undergo 20 hours of training to learn how to manage remote workers.



Amazon has established a baseline of three days a week in the office. Employees can also work up to four weeks a year from a home.

Source: Briggs, 2021

## Conclusion

The pandemic demanded rapid-fire changes to how work gets done. Work moved from workplaces to home offices, and to the surprise of many, it worked. As the world slowly emerges from the pandemic, there is growing sentiment that there is no going back. When the pandemic hit, remote work was thought to be just a temporary accommodation. Moving forward, however, as it becomes increasingly clear that remote and hybrid work is here to stay, it is imperative that employers plan strategically now for how remote and hybrid will work in their organizations and for their corporate cultures.

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