



The Future of Work: Don't Get Left Behind

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If there is one certainty, we have learned from the last year it is that employees tasted the freedom and flexibility of working from home and they want it to continue. Before the pandemic, Americans spent 5% of their working time from home. By the spring of 2020 it was up to 60%. A survey by McKinsey & Company in April 2021, found that currently 41.8% of Americans are still working remotely and 26.7% reportedly will continue through 2021. Through surveys of employers and employees, they estimate 22% of the workforce will be remote by 2025.

During one of the most stressful years in recent memory, workers are reporting higher levels of happiness, productivity, and job satisfaction despite the chaos. Their hope is that continued remote or hybrid work models will allow them to keep the healthy work-life balance they achieved during the pandemic, and recent studies support those claims.

- A cost-benefit study by [Global Workplace Analytics](#) found that business lose \$600 billion a year in workplace distractions and that remote workers were 35-40% more productive than their on-site counterparts.
- [Boston Consulting](#) found 75% of remote employees reported to be able to maintain or improve their individual productivity while 51% reported more efficiency in collaborative tasks.
- A survey from [Mental Health America and FlexJobs.com](#) found employees without some form of remote/flexible work were nearly 2times more likely to have poor or very poor mental health.
- [KPMG](#) found that, if 25% of Americans do continue to work from home in 2021—approximately 39 million people—the effects on greenhouse gas emissions would be similar to that of taking 6 million cars off the road for a year.

[McKinsey & Company surveyed](#) employees and executives in 20 countries over 30 different industries and found that, on average, 20-25% of workers can be remote 3-5 days per week without a loss in productivity. While it may seem counterintuitive to traditional on-site managers, employees report an increase in understanding of expectations due to the need for better communications with their teams and their supervisors. This communication is often written and generally assumes less about what the receiver will “just know.” Their study found the following feelings amongst employees:

- 52% prefer a more flexible working model post-pandemic and 11% prefer fully remote working.
- 30% of surveyed employees reported strong likelihood of switching jobs or employers if they are forced to return to fully on-site work.
- 63% of Americans said they would prefer to work from home at least 3 days per week or more. (A survey by FlexJobs.com found 96% of their respondents wanted some level of remote but this is certainly a biased population.)
- 27% said the ability to work remotely was so important they would be willing to take a 10-20% wage cut.
- 20-25% of parents with children under 17 years of age reported wanting a hybrid model of at least 3 days remote.

Employees do have concerns about reduced collaboration, loss of community, and a decreased concern for employees in general, especially if they are not face to face with management on a regular basis. McKinsey's research, however, shows that companies leading in productivity have found ways to address all of these concerns while keeping employees productive, happy, and engaged. In addition, [Global Workplace Analysts](#) found the average employer could even save \$11,000 per year per employee allowed to be remote.

The pandemic has forced firms to examine their employees' experience and to focus on creating more shared value for all stakeholders. Business leaders need to seize this opportunity to fully re-think and evaluate how and where work is done at the most fundamental levels. [Sven Smit](#), from McKinsey's Amsterdam office, explains executives need to focus their analysis on two fronts: 1) what technical changes and improvements need to be made and 2) how they will get there. The journey is proving extremely important in maintaining workforce engagement and productivity.

Gallup recently found self-reported engagement was at its highest level since the start of their recording in 2020. "Covid-19 may be the best thing that ever happened to employee engagement," [said analyst Josh Bersin](#). Allowing employees to work from home not only allows them more control over their lives, but it also builds trust and employee loyalty. Employees feel acknowledged for their work ethic and respected as a valued member of the company. Strong job performance is key for many higher educated workers' identity and self-worth. Because they want to do well for their own benefit, job performance levels are highly correlated with job satisfaction levels.

Businesses serious about longevity and growth need to evaluate everything, from how and where work is done to how and why employees are hired, through systematic, internal audits. [Susan Lund and Sean Brown from McKinsey Global](#) suggest starting with these six questions:

- 1) How can you reconfigure the workforce and the workplace to increase agility, raise productivity, and empower workers while maintaining the culture?
- 2) Are you positioned to leverage technologies and take advantage of the long-term trends accelerated by them?
- 3) What are we doing to close the skill gaps?
- 4) Are you clearly and transparently communicating your plans and supporting workers in making transitions?
- 5) Are you supporting their lifelong learning?
- 6) And finally, are you leveraging ecosystem partners to increase the effectiveness of those efforts? Look at other companies in the region and assess if collaborations could address mismatched skills between your labor forces.

Of the 100 top executives from Asia, Europe, Latin America, and the US (representing companies with yearly revenues between \$5.13 billion to \$11.0 billion and across 30 industries) surveyed, there was an overwhelming consensus on the expectation of increased remote and hybrid work in the coming years. Over 30% reported increased future investments in AI and automation as part of their strategy. Many cited the ability to better leverage global talent and increase diversity and

inclusion in their workforce as positive motivators for this change. This re-imagining of the hiring process includes eliminating or reducing educational requirements in favor of an increase prioritization of skills and experience. Recruiting events and interviews have gone online, saving money and expanding search options.

Matching the right people to the right tasks is another top priority for many leading companies. Assessing the number of people in each role, the functions performed, and the need for those functions allows a better understanding of how to adjust staffing needs. Keeping employees connected through “microtransactions,” networking, mentoring, and coaching, etc. is another goal which has led to increased productivity for 67% of the leading companies. Zoom meetings and video conferencing eliminate perceptions of hierarchy in teams by putting the faces in similar-sized boxes, promoting stronger community between and within teams. Almost 60% of the leaders reported established and communicated changes in management style, including increased training for managers on soft skills, managing remote workers, and giving and receiving feedback. They (51% of leading firms) have also continuously improved and tweaked their protocols to address the challenges of remote work. Flexibility and transparency have proven profitable during this time of upheaval.

C-Suite executives who have made these changes reported large increases in customer satisfaction, productivity, employee engagement, and diversity and inclusion. In fact, executives who said individual productivity increased are five times more likely to say team productivity increased as well. Unfortunately, this is not the standard. Of the executives surveyed, 68% reported not having a plan in place to address returning to “normal,” nor have they communicated any thoughts on the subject to their employees. This is causing increased anxiety and poor mental health for employees and research shows productivity in these firms is suffering. McKinsey reported 47% of employees surveyed reported increased levels of anxiety due to unclear or nonexistent plans for the future with regards to remote, in person, or hybrid work environments. Of these employees, 49% said the lack of communication has led to increased feelings of burn-out.

Covid has forced a re-evaluation of every aspect of our lives. As the country begins to return to a new normal, it is imperative that firms take this opportunity to lead the transformation. Those who do so through open communications with all stakeholders, intentional planning, and transparent internal transitions will emerge stronger and in a better position to focus on growth and expansion while the rest struggle to catch up. Adoption of and commitment to continuous learning, experimentation, and improvement with regard to structural organization as well as their product line must be the new mission statement. Companies willing to honestly assess their strengths and weaknesses now will find they possess the agility needed to succeed in this new normal.