



How to Make the Hybrid Model Work for Your Team

The unprecedented nature of the Covid-19 pandemic and its aftermath has had a tremendous impact on companies all over the world.

Quarantine, travel restrictions, and isolation have forced companies to transition their organizations and workforces to operate remotely indefinitely. The widespread consensus is that companies and employees may never be able to return to the old ways of working, what some call “the

great reset.” The routine of commuting to an office for a “9-to-5 job” every day is no more, and there is little hope of its revival. Instead, both companies and employees all over the world are seeing the benefits of workplace flexibility. How effectively companies manage to build a new workplace that works for everyone will be a true test of their survival — something that is not usually found in any crisis management playbook.

The work from home shift: Will it last?

Shifting to socially distanced environments over prolonged periods made digital services, such as telecommunication platforms and apps, a necessity. The internet infrastructure now needs to be robust in order to handle spikes in digital traffic and high-bandwidth applications.

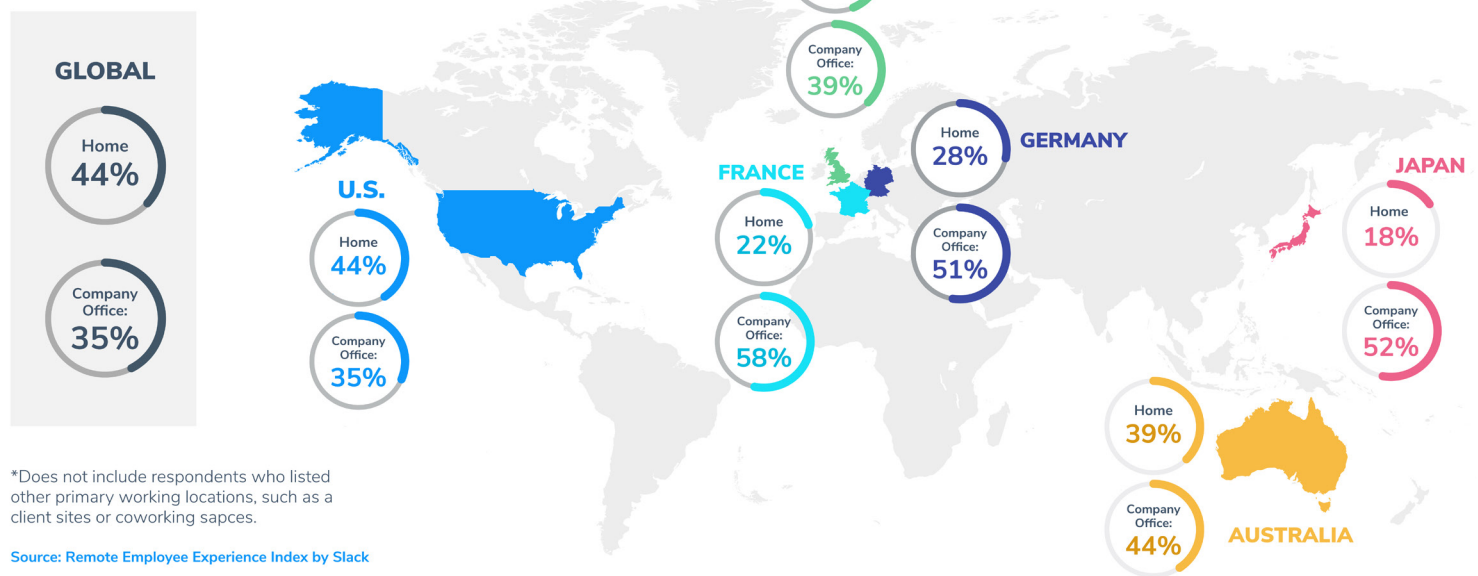
Companies have tried to come up with solutions to tackle difficult questions as a result of the sudden shift to remote work — how can they configure workspaces to enhance

employee safety? How can they best equip employees for working and collaborating remotely?

According to global employee data analyzed by Slack, by late summer of 2020, the percentage of employees working from home was maximum in the UK at 45 percent, followed by the U.S. at 44 percent. Japan and France had the lowest percentages of employees working from home at 18 percent and 22 percent, respectively.

The Work from Home Shift

Home vs. Office - A Global Breakdown of Knowledge Workers' Primary Working Location



According to an analysis by McKinsey Global Institute, labor forces in advanced economies, such as the UK, Germany, the U.S., Japan, France, and Spain — in comparison with emerging economies, such as Mexico, China, and India — showed a stark contrast in terms of the potential to perform remote work based on sector, occupation, and type of business activity.

The analysis concluded that the UK had the highest potential for remote working among the pool of advanced

economies, mainly because business and finance constitute the largest share of the UK economy.

However, this number descends drastically in economies such as India's, despite having many global financial services companies. The main reason for this is the heavy reliance on occupations such as retail services, which cannot be done remotely.

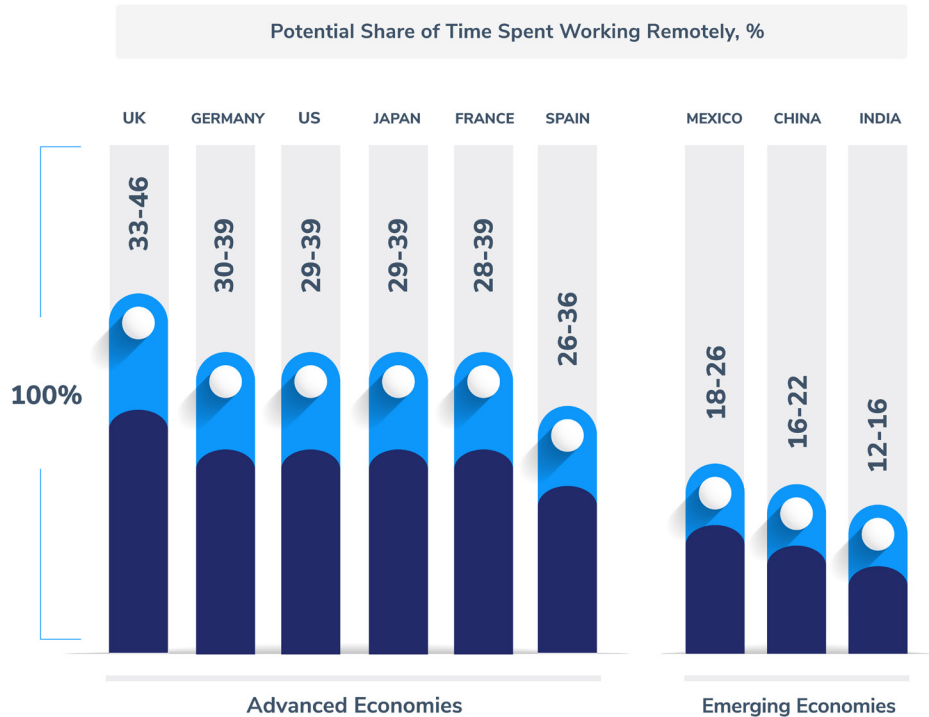


Potential Share of Time Spent Working Remotely:

Comparison Between Advanced and Emerging Economies

Labor Forces in Advanced Economies Can Spend More Time Working Remotely, Than Workforces in Emerging Economies

 Theoretical Maximum
 Effective Potential (No Productivity Loss)



Source: McKinsey Global Institute

Mourners vs. stormers – remodeling remote work for “the next normal.”

The basic foundations of the worldwide economy were dismantled as a result of the pandemic — to the point where it almost brought down the global financial system. Well-known companies buckled under the tremendous pressure and filed for bankruptcy, including Gold's Gym, J.C. Penney, and Hertz.

However, despite experiencing a similar shock, many companies successfully led the drive for innovation and emerged unscathed. According to research by MIT Sloan Management Review, many companies innovated in the remote work environment and reacted to the disruption caused by the Covid-19 pandemic in contrasting ways. The results of the study were grouped in different clusters, and depending on the companies' responses, were categorized as either “mourners” or “stormers.”

Mourners adopted a conservative approach to change. According to the findings, more than 90 percent of mourners were not equipped to innovate using a remote working model, which resulted in decision paralysis. Stormers, on the other hand, had a progressive approach

to change and reacted using innovation and increasing interaction with their customers. Mourners reduced communication with customers as a result of office closures and the inability to cope with remote work. Meanwhile, stormers utilized this opportunity to gain a better understanding of customers and their behavioral patterns — which helped them demonstrate a strong sense of commitment, shared knowledge, and loyalty. The importance of “workplace innovation” received more weightage along with the emergence of remote and virtually asynchronous global teams.

The lasting success of the remote work model depends on multiple interdependent factors such as having the right company vision, leadership style, and technological foundation. As leaders look to experiment with new ways of working and straddling a bridge between remote and on-site work, the answer lies in a blended model, or the hybrid working model, in which some employees are on-premise, and others work from home.



The hybrid working model — what is it?

According to the Future Forum research, 72 percent of employees said they never want to go back to the traditional way of working and want a hybrid-remote office model going forward.

Employees now want the best of both worlds — the option of flexible remote work along with in-person time with teammates.

As the pandemic begins to improve gradually, many companies will be looking to deploy this new combination of remote and on-site work.

Business owners and company leaders, too, are understanding that they are at the brink of disruption — 66 percent of decision-makers are redesigning physical spaces and offices to better accommodate the hybrid work environment.

Contradictory to its success during the Covid-19 pandemic, remote work hasn't always proved successful in the past.

In February 2013, Marissa Mayer, CEO of Yahoo! banned the work-from-home model, citing reasons like lack of

employee collaboration and the need to have employees in the office. In the same year, Hewlett-Packard's CEO Meg Whitman ended the remote-work experiment for his employees, as the company needed all hands on deck for maximum productivity. In both situations, the leaders decided that the disadvantages of remote work had outweighed the advantages.

However, considering the present-day reality we are living in, remote work isn't a one-off experiment any longer — it is here to stay, and companies must be prepared.

Such a radical departure from the traditional way of working will directly impact consumption patterns, commercial real estate, and the global economy. Moody's Analytics predicts that by 2022, office vacancy rates in the U.S. will climb to 20.2 percent — an increase from 16.8 percent in 2019.

A survey conducted by McKinsey & Company of 800 global corporate executives found that leaders anticipated operating their business with some variation of the hybrid model — a combination of remote and office work for their employees.

Main drivers for the adoption of the hybrid model of work:

According to the Boston Consulting Group, when executed correctly, hybrid working models can allow companies to recruit better talent, achieve innovation, and build a flexible, purposeful future. A few important drivers for adopting the hybrid model of work include, but are not limited to:

- 1 Releveling the playing field for all employees to succeed:** Some governments are easing lockdowns faster than others. As the world stumbles back to normalcy, and employees return to offices, there is a possibility for those continuing to work from home offices to be at a disadvantage.

Employers are well aware that until the dangers associated with the virus alleviate considerably, large portions of the workforce will continue to work from home. Companies must, therefore, take the initiative to figure out the best balance between remote and on-site work. Such an added flexibility can help level the playing field for all employees to succeed.

opportunity for leaders to identify the best working model for maximizing productivity and innovating new and unique ways of building trust.

- 3 A futuristic vision among multifaceted companies:** BCG points out that as companies emerge from the pandemic, they will have unique opportunities to reimagine the future of work through an amalgamation of technology and human capability. Such farsighted and futuristic companies can greatly benefit from the emerging hybrid working model norm and unlock many cost-saving opportunities by utilizing a geographically flexible workforce.

- 4 Augmenting the workforce by taking advantage of a widened talent marketplace:** Research by LinkedIn points out that offering remote jobs can help companies build gender, educational, and generational diversity into their workforces. It also means that companies in major cities can hire from a widened, global talent pool. The realization that employees can build careers irrespective of location has had a considerable impact on the talent marketplace.

- 2 A chance for leaders to identify, optimize, and innovate:** Multiple surveys have concluded that both employers and employees aren't keen on going back to the pre-pandemic ways of working. One-on-one mentoring, coaching sessions, interactions, and monitoring employees in real-time have become a thing of the past. The current state of work has presented a unique



Transitioning to the hybrid model — understanding and overcoming the risks:

One of the most evident risks associated with the hybrid model of work is the emergence of two contrasting corporate cultures. On one hand, employees who continue to work from the office may benefit from in-person collaboration, while on the other hand, employees who continue to work remotely may suffer from isolation.

Global tech giant Alphabet Inc. recently released its annual 10-K report, where the company claimed that its productivity, finances, and corporate culture may take a hit as a result of the hybrid model of work.

Before organizations dive deeper into the different types of hybrid models and select the best choice for their workforce, it is crucial to understand the challenges and risks associated with the hybrid model, and how to overcome them.



- 1 The risk of unconscious bias:** Research by MIT Sloan Management has found that employees who work remotely may end up getting lower performance evaluations and smaller raises in comparison to those who work from the office — even if they work just as hard, and just as long. In short, telecommuting may be detrimental to employees' careers.

How to overcome the risk of unconscious bias:

Companies must provide appropriate tools, structures, and strategies to establish egalitarianism between employees working in-office, and those working remotely. A hybrid working model must lead to the establishment of an equal performance management system for all employees irrespective of working locations.

- 2 The risk of culture dilution:** Culture is one of the most important assets for a company, especially when the workforce is distributed. Data by Gallup shows that around 60 percent of employees cannot fully agree that they know what their companies stand for. Remote employees are at a greater risk of being disconnected from company culture, which could lead to dilution.

How to overcome the risk of culture dilution:

Companies must take extra efforts to make sure their employees are not disillusioned about company culture and goals. It is important to establish the critical aspects of culture which need to be nurtured, protected, and promoted across the organization. Culture must be equipped for remote and on-site employees.

3 The risk of siloed teams: While remote work has fundamentally changed day-to-day workflows and processes, it has also resulted in increasingly siloed teams. After analyzing more than a billion Outlook emails, Microsoft has reported that close interactions between employees have started to diminish. Having a collaborative and healthy working relationship is critical for productivity, which may be difficult to achieve as a result of physical separation due to hybrid models.

How to overcome the risk of siloed teams:

Employees' expectations are rapidly changing. Surveys by Microsoft have found that while over 70 percent of workers want flexible working options, over 65 percent are craving more in-person time with teammates. To avoid the risk of siloed teams, employers are doing their part — over 66 percent are redesigning office spaces to better accommodate the hybrid working model.

4 The risk of losing out on office spaces: This is an important time for organizations to rearchitect office spaces that may have been left deserted as a result of the pandemic. It is time for employers to answer an existential question — what is the purpose of the office now? How can companies reimagine the office space for the future of work? For example, an office space consisting of a maze of cubicles won't help to meet employees expectations for close collaboration and in-person interactions.

How to overcome the risk of losing out on office spaces:

Organizations looking to shift to the hybrid model of work must look to design workplaces that are innovative and foster collaboration. Establishing well-designed, open workplaces with social hubs are a great way to improve productivity and collaboration among employees. Companies already having the advantage of office spaces must utilize this opportunity.



Choosing the right hybrid work model for your company:

Global pandemics eventually subside over time. However, organizations should not plan too late to redesign and reimagine what their post-pandemic workforce will look like. Companies must understand the basic norms that underpin organizational culture and performance — such as agile methodologies of work. There is a possibility of losing sight of these norms when undergoing a significant shift to virtual working arrangements.

Whether implementing a hybrid model is the right path for your company entirely depends on the factors you are looking to optimize — the main ones including access to global talent, employee productivity, and employee experience. It is difficult to find the perfect hybrid model to maximize every parameter.

However, analysis by McKinsey shows a combination of different working models which can best suit companies looking to go hybrid. For example, barring the two ends of the spectrum — which are being entirely on-premises and being fully remote — companies have the option of selecting between four different hybrid models of work as elaborated below:



Partially remote work with multiple hubs:

Companies have multiple "micro hubs" located worldwide, where the leadership team and employees meet. These microhubs are smaller in size, and each micro hub which is located across different geographies, operating fairly independently from the other. Although employees have flexibility to work from home, this model isn't entirely remote too.

Multiple microhubs across various geographies:

Companies have multiple "micro hubs" located worldwide, where the leadership team and employees meet. These microhubs are smaller in size, and each micro hub which is located across different geographies, operating fairly independently from the other. Although employees have flexibility to work from home, this model isn't entirely remote too.

Partially remote work with a large HQ:

The leadership team and employees spend the majority, but not all of, their time in a principal office. The cost of real estate is highest, as companies would continue renting out office space for on-site collaboration.

Partially remote work with flex space:

The company does not have a permanent office or hub. Instead, employees meet at "flex spaces", or co-working spaces periodically to collaborate. Flex or co-working spaces may offer lease flexibility, so companies can hire the space for smaller durations.

Entirely on-site:

The leadership team and employees spend the majority of their time in the principal offices, with little scope for working remotely. The cost of real estate is highest, as companies would continue renting out office space for on-site collaboration.

Entirely remote:

There is no company "headquarters" and all employees work remotely. The cost of real estate is negligible.

THE FOUR HYBRID MODELS

Different Models of Work

Six Models Reflecting a Mix of On-Site and Remote Working



¹ Flex space includes temporarily (eg. monthly) rented space used in select cities for periodic gathering and collaboration.

Source: McKinsey & Company

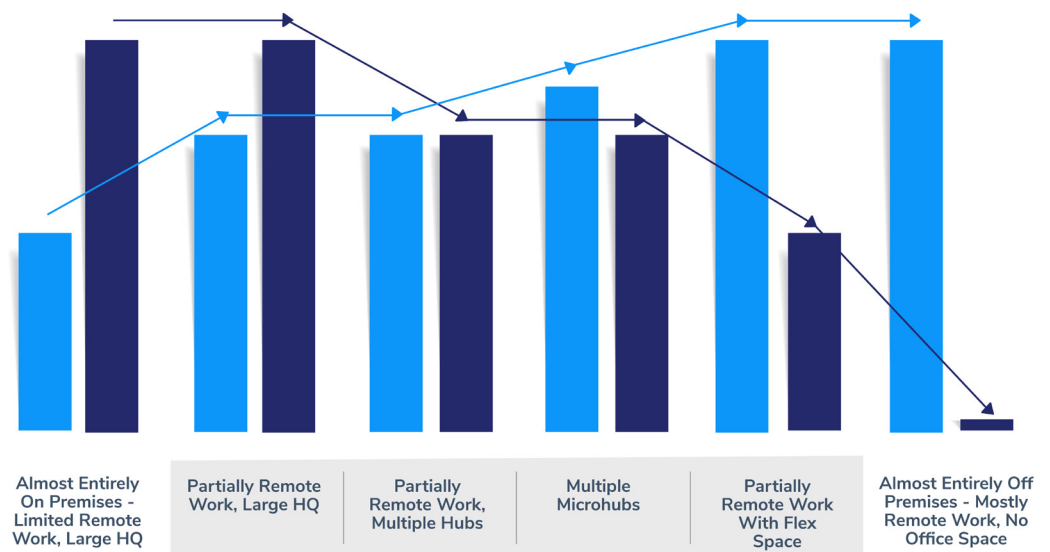
| | | Ability to Access Talent | Productivity (Individual and Team) | Cost of Real Estate |
|------------------------------|---|-------------------------------|------------------------------------|---------------------|
| Hybrid Models | Almost Entirely on Premises | Limited Remote Work, Large HQ | | |
| | Partially Remote Work, Large HQ | | | |
| | Partially Remote Work, Multiple Hubs | | | |
| | Multiple Microhubs | | | |
| | Partially Remote With Flex Space ¹ | | | |
| Almost Entirely Off Premises | Mostly Remote Work, No Office Sites | | | |

An interesting observation, in this case, is that as the workforce tends to be decentralized, the cost of real estate continues to decrease, and the access to global talent increases. There are multiple advantages of having a hybrid model involving multiple microhubs and flex spaces. Companies have the liberty to select co-working spaces for their employees to meet — irrespective of location.

It is far easier for employees to travel to such flex spaces and microhubs, especially if they don't happen to live near the company headquarters. In addition, micro hubs and flex spaces can be fun and energizing for employees and can give them more opportunities to absorb the organizational culture.

Access to Talent vs. Cost of Real Estate

Comparison of Different Hybrid Models



Source: McKinsey & Company

The 4 Hybrid Models

Making a successful transition to the hybrid model:

As mentioned previously, the emergence of two cultures in an organization based on the location of work can create severe complexities. Several reports have ultimately shown that organizations favor in-person work culture over those working remotely.

While it may seem unfair, these conclusions are driven by practical results. Working remotely has some direct downsides, especially for new hires — who may find it increasingly difficult to get hands-on coaching and may not find the confidence to execute complex projects.

Distributed, remote, and global teams are the lifeline of today's organizational success. How the leadership and management of a company deal with such teams is a critical driver to the success of the hybrid model. According to Globalization Partners' 2021 Global Employee Survey Results, there has been a dramatic shift between employer-employee relations, as more than 34 percent of respondents declared they felt their voice mattered more since shifting to remote work. Companies that keep their employee preferences at the center will most likely succeed in the shift to the hybrid model of work.



The following are a few starting steps to make the transition to the hybrid model a success:

- 1 Decoding the place-time conundrum:** Research by MIT Sloan Management has shown that the two axes of work — place and time, which complemented each other during pre-pandemic times — have undergone a massive overhaul. The place for everyone used to be the office, designed with a unidirectional goal of maximizing productivity over a fixed duration of time.

However, as a result of the pandemic, the place is no longer the “office” but could be employees' homes, coffee shops, co-working spaces, or local hubs. There is much more flexibility around time, as employees have the liberty to work whenever they choose. How can

companies find the optimum balance between both place and time?

It all begins with the basic understanding that, while going fully remote has worked extremely well for some companies, many have realized its pitfalls — divided and disjointed teams. Companies must become active listeners, and plan accordingly. If employees feel that working face-to-face aids co-operation, but aren't willing to travel hours to the office, maybe it's time to depart from the traditional working system.

In this case, a hybrid working model, such as one that offers a co-working space or flex space, can help bolster productivity by giving employees the required flexibility.

- 2 Maintain connections:** To make a successful transition to hybrid work, leaders must focus on non-hierarchical models of team management. Research by Stanford University has proved that despite being physically separated, simple acts, such as sending friendly emails, can help boost a sense of togetherness.

In addition, informal interactions are a great way of accentuating talks of shared interests between colleagues, which can lead to healthy and innovative organizations. The “manager-employee” hierarchy can become non-existent to a great degree, bridging organizational silos.

- 3 Understanding the importance of nonverbal communication:** Nonverbal communication is one of the

strongest forms of communication between employees at the workplace. Despite years of technological advancements in digital connectivity, the feeling of meeting co-workers face to face is irreplaceable.

In-person interactions can help employees brainstorm difficult subjects and create opportunities for informal discussions. Studies by Harvard Business Review have shown the importance of focusing on nonverbal cues while giving employee feedback. All of this is difficult to achieve in a remote-first setup.

However, the hybrid model promises a trust-based relationship, allowing employees and managers the opportunity to have serendipitous conversations by meeting on-site, while still giving employees the flexibility to work from home.



Using Globalization Partners' technology as an enabler for the hybrid game plan:

For any organization looking to go hybrid, a few crucial organizational parameters to bear in mind include innovation, learning, motivation, work environment, and leadership. Having a strong, static correlation between these can help companies enhance their performance. Going hybrid and bridging the physical and digital worlds doesn't have to be complicated — thanks to Globalization Partners' full stack global employment platform.

Hiring, onboarding, and managing a remote global team is easy, and you can compliantly pay your remote workers without hassle. With compliant international entities already in place, Globalization Partners takes care of payroll and meeting mandatory labor requirements.

Use our AI-driven, fully compliant global employment platform powered by our in-house worldwide HR experts. Leave the complexities of global employment to the named industry leader that consistently attains 98% customer satisfaction ratings.



**GLOBALIZATION
PARTNERS**

CONTACT US

North America: info@globalization-partners.com

Europe, Middle East, and Africa: info-emea@globalization-partners.com

Asia-Pacific: info-apac@globalization-partners.com

globalization-partners.com