

As the threat of the pandemic recedes, an increasing number of companies are asking—and some requiring—employees to return to the office.

While millions of frontline workers never had the option, millions of others have been working remotely since 2020. And they like this arrangement: 68 percent of Americans would prefer to be fully remote, with 23 percent willing to take a 10 percent pay cut to do so. This is a global phenomenon: 63 percent of global workers surveyed said they would "absolutely" look for a new job if they couldn't continue to work remotely.

Resistance to returning to the office may best be explained by a phenomenon called <u>pandemic epiphanies</u>: a wholesale reevaluation of one's values and goals brought on by Covid. Anthony Klotz, PhD, University College London associate professor of organizational behavior, coined the term "The Great Resignation" and predicted the trend. After living through an experience that traumatized most of us, people are demanding more freedom or autonomy and a better work-life balance. It's a natural, predictable response.

Asking remote workers to return to the office is a complex issue. We examine it in detail and share our perspective on successfully navigating the challenge.

How Most Remote Workers See It

The vast majority of remote workers have a positive view of their situation. They say they are more productive than their counterparts; research shows increases in productivity ranging from 13 percent to 40 percent. Research by The Ken Blanchard Companies® also shows that workers who have the most flexibility are the most engaged.

A quieter work environment, a more comfortable workplace, more focused time, and an absence of office politics are <u>commonly cited reasons</u> for remaining remote. These can be rare commodities, especially in workplaces with open floor plans.

A Blanchard Point of View



Remote workers are also <u>56 percent more creative and innovative</u>. Psychologists posit that remote workers have a greater sense of psychological safety because they work in a place where they feel safe. This sense of security stimulates curiosity and emboldens them to share ideas.

Compared with working in an office, <u>remote work offers greater</u> <u>freedom and autonomy</u>, <u>a better work-life balance</u>, <u>and fewer expenditures</u>. For example, expenses for gasoline, clothing, food, and commuting can total \$6,000 a year.

Finally, remote work offers those in marginalized groups a respite from hostile workplaces. In the past, <u>26 percent</u> of workers experienced microaggressions, <u>30 percent</u> were bullied, <u>61 percent</u> witnessed or experienced discrimination, and <u>75 percent</u> covered their identity. These threats are greatly reduced in remote work environments.

Despite the many benefits, the remote workplace is not without its <u>challenges</u>. It can breed feelings of isolation, a blurring of work-life balance, and loneliness. Harvard Business Review best sums up the collective mood: "<u>Inspiring these (remote) employees to abandon the flexibility they have come to rely on will be a tough row to hoe, and newly empowered employees will continue to push back on requirements that impinge on their view of what is important in their lives."</u>

How Some Companies See It

Businesses also have their reasons for wanting employees to return to the office. Many leaders believe that remote work undermines creativity and innovation. Bob Iger, CEO of Disney, gave the following explanation for requiring employees to return to the office four days a week: "In a creative business like ours, nothing can replace the ability to connect, observe, and create with peers that comes from being physically together."

Other leading companies have mandated return-to-the-office policies: Google (three days a week), Apple (three days a week), Starbucks (three days a week), and Twitter (five days a week). Some of the reasons given are serendipitous collaboration, the need to mentor younger employees, the desire to preserve corporate culture, and the value of spontaneous brainstorms. According to Blanchard® research, two-thirds of HR leaders believe it's harder to create an engaging employee experience and culture in a remote or hybrid environment.

Other less obvious factors are driving this decision. Large companies often have considerable real estate holdings in which revenues are being drained just to keep the lights on in vacant or underused buildings. This creates a financial bind: Companies can't afford to let their properties fall into disrepair, and so must pay the costs of upkeep to protect their investments.

Empty office buildings are <u>driving down real estate values</u>, <u>increasing crime</u>, <u>and hollowing out city centers</u>. Arpit Gupta, PhD, associate professor of finance at New York University Stern School of Business, described the decline in property value as an "apocalypse."

The absence of office workers creates other ripple effects, not only costing local governments millions in <u>lost tax revenues</u> but also devastating nearby service businesses (restaurants, cafes, bars, hotels, shops, gyms, and more). Alarmed by the threat to their cities, heads of Chambers of Commerce are <u>pleading with CEOs</u> to have their workers return.

Companies with both frontline and remote workers might also want their workforce back in the office to stop an us-versus-them mentality—creating tension, jealousy, and animosity—which is corrosive to company culture.



A desire for <u>control</u> is driving some executives to mandate the return to the office. It's hard to let go of old habits such as believing work is best done in person, in an office, in cubicles. Some senior leaders feel that remote work will eventually cause engagement to plummet, or that offsite workers aren't really working. Note that <u>44 percent of executives want to go to the office every day, compared with 17 percent of employees.</u>

A Blanchard Point of View

A Time to Reimagine Work

The stakes are high when companies call remote workers back to the office. If these employees act on their intentions, mandating the return to work could lead to mass resignations. Some who remain might stay and quit ("quiet quitting"), further endangering teamwork, trust, and knowledge transfer.

This is an ideal time for executives to reimagine their business models, instead of reflexively returning to what was, and thereby avoid unnecessary stress and conflict.

We suggest that you consider these questions:

- Why do you need an office?
- What purpose does it serve?
- What value does it create?
- How would the absence of a corporate campus affect your employees?
- How can you best plant the seeds of innovation in this new environment?

Think about what's best for your company *and* your people. Executives must balance their responsibilities to many parties with vested interests, but now is the time to put employees first. They have delivered on their part of the bargain.

Leading People Through Change®, Blanchard's course for helping companies successfully adapt in times of significant transition, can be of great help. This high-involvement approach to change management is founded on meaningful dialogue between change leaders and employees. LPTC can increase change success by 34 percent to 58 percent, decrease implementation time by 33 percent, and increase employee engagement by 38 percent.

Making Your Own Return-to-the-Office Decision

If you're a leader, you might have the authority to decide how and when your people return to the office. Before you act, consider these points:

- Check your motivation: Take an honest look at what's driving your decision making. Have productivity and engagement declined? Has collaboration stalled? If the answer to these and similar questions is no, examine your assumptions. Ensure that issues of control and trust are not influencing you.
- Gather facts: Ask your people what they want and how important work logistics are, to understand what matters most to them. See what your competitors are doing. Research the effectiveness and challenges of remote work. Learn as much as you can about the subject before deciding.
- Do a cost-benefit analysis: Write down everything you stand to gain and everything you stand to lose. Which decision puts you and your company in a stronger position, now and in the future?



A Blanchard Point of View



Rethinking Work

We are in another period of transition. A significant percentage of remote workers will be mandated to return to the office, some of whom will resist and leave for other jobs.

As for the future of work, hybrid is here to stay. <u>AT&T predicts</u> that hybrid working arrangements will increase from 42 percent in 2021 to 81 percent in 2024. According to Gallup, <u>working</u> onsite full time will become a relic of the past.

Employers must prepare for this future and make remote work a permanent option for some employees.

About The Ken Blanchard Companies®

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