

CREATING SUCCESS IN A WORK FROM HOME ENVIRONMENT REVISITED

JENOIR INTERNATIONAL INC.
WHITE PAPER

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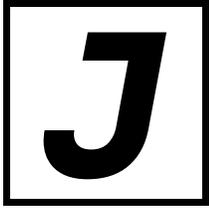


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SUPPORTS, CHALLENGES AND
INSPIRES LEADERS AND THEIR
TEAMS TO INNOVATE, LEAD AND
SUCCEED.**

Teamwork is not about team-building, it is about performance. Especially in times of crisis you cannot just rely on job descriptions, org charts and hierarchies to move initiatives forward. In order to be effective, you must understand people's motivations, cultural differences, dynamics of working remotely and unexpected interdependencies. As the world faces huge and unprecedented challenges, being good at teamwork is more important than ever.

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Working From Home: What We Now Know

Before the arrival of the Omicron variant towards the end of 2021, it appeared that societies, at least those with wide vaccine availability, were returning to pre-pandemic lives. Business executives in particular were glad to declare the pandemic as over and many were eager to post pictures of air travel, trade show attendance, and various team building events. And who could blame them. Working at the office also staged a comeback, at least in some areas. With working from home (WFH) no longer imposed by necessity, however, the debate shifted to whether and/or to what extent it should become part of the “new normal.” Some pointed to the drawbacks of WFH such as awkward collaboration and loss of spontaneous creativity while others highlighted increased efficiency and productivity brought on by ubiquitous and optimized video interaction that eliminated the need for lengthy commute and air travel. Experts also issued warnings that companies unwilling to offer WFH as a choice would lose badly needed staff. The advocates on either side of the debate lack neither solid arguments nor passion. While Omicron has proven that declaring an end to the pandemic was premature, the debate over WFH will be here to stay even after the pandemic is hopefully over for good.

There is no question that anyone wants to return to strict lockdowns, takeout food only, and family get togethers via zoom. Individuals and society at large crave getting back to “normal.” But it appears that at least some are a lot less willing to give up one aspect of pandemic life: work from home or other remote locations. When we looked at the topic in February 2021, we found a lot of support for WFH, especially the hybrid variety with anywhere from one to three days per week in the office. To recap:

- Both high-level managers and their employees expressed positive sentiment towards WFH, with over half of all business leaders believing WFH can succeed in their industry.
- Employees loved WFH because it allows them more autonomy, more time with family, and less time commuting.
- WFH enabled businesses to reduce travel costs and environmental footprints.
- A large majority of workers wanted to continue the WFH trend. Both workers and their managers said performance under WFH is the same or better.
- Most businesses were not prepared for a WFH environment during the initial stages.
- Others (re)discovered the benefits of working on-site, such as better mentoring, collaboration, and organizational awareness.
- Self-discipline and availability of resources were seen as the critical drivers to WFH success with some workers complaining about the blurring of the line between home and work life as well as “zoom fatigue.”

Overall, it appears that most managers and workers view working from home favorably, especially in hybrid format. This follow-up article aims to break down categorical inclinations, diving into a more detailed analysis of WFH sentiments pertaining to industry and generational preferences.

The Symbiotic Environment of WFH

To understand the full scale of benefits that arise from the WFH model, we need to understand the synergies between the deployment of this model and company performance. Most would agree that the bottom line is the ultimate measure of a company's financial performance even if environmental, social and governance (ESG) goals have come more into focus. It is hard to do good if your business does poorly financially. Therefore, if a company can adopt a model, like WFH, that is looked upon favorably by its employees and enhances its profit-making ability, then indeed, such a model is indeed desirable.

“Even if remote work turns out to be less productive on some metrics than others, reducing carbon-based emissions or the improving work-life balance could make up for it.”ⁱ

—Mark W. Johnson and Josh Suskewicz, Harvard Business Review

A Gartner Inc. Surveyⁱⁱ — revealed that 74% of CFOs plan to adopt a WFH model permanently. This finding should not be surprising, as our previous analysis revealed that adopting a WFH model reduces overhead costs substantially while increasing profit margins. From a company's perspective, WFH makes sense, financially speaking.

When it comes to employees, the sentiment is mirrored, albeit with a slight differential: while most employees view WFH favorably, over 70% prefer a hybrid model in which they go to the office at least once per week. This view also corresponds with our findings that while employees applaud the benefits of WFH, they also desire the mentoring, collaboration, and organizational awareness that comes with on-site work. Career progression is another frequently mentioned employee concern. Providing employees the option to go in at least once per week can satisfy both the individual and organizational benefits that come with WFH.

In fact, the pandemic has shifted WFH sentiment to such a degree that 80% of U.S. workers stated they would turn down a job that limited WFH opportunities, according to an IWG studyⁱⁱⁱ.

Industry Preferences

It is important to note here that the potential for remote work is not determined by titles and occupations but by the duties and tasks required for each role within their respective industries. Take, for example, the role of a quality control (Q.C.) engineer. On a grand scale, this role requires the employee to ensure the company's products and services are up to predetermined standards. The deciding factor for WFH candidacy, in this case, is determined by what the company produces. If the company produces software, or any digital good or service, the engineer can effectively fulfill the role remotely. However, if the company produces hardware components on an assembly line, the engineer's role is more hands-on and requires them to be on-site.

While the above cases are more or less cut and dry, there are instances where WFH would work some of the time, but not all of the time in any given role. Going back to our example role of a Q.C. engineer, it is clear that the tasks determine WFH candidacy and not necessarily the title. Suppose the engineer was employed at a pharmaceutical company, the physical and digital work lines likely become less transparent. In such a role, the engineer remains responsible for determining the quality of the end product. However, the means to do so are less straightforward than the former two industries discussed. The role of a pharmaceutical Q.C. engineer requires testing and verification of both the formulaic properties of the drug's chemical composition, in addition to the physical delivery methods of a given drug. While the former could potentially be done remotely, the latter part of the role requires some degree of physical presence.

“One of the secret benefits of using remote workers is that the work itself becomes the yardstick to judge someone’s performance.”^{iv}
-Jason Fried, CEO of Basecamp

It is clear then that industry preference regarding WFH is determined by both the practicality of WFH and the efficiency of moving any given role to a remote position. While the pandemic has forced the hand of many companies to shift traditionally on-site work to remote, the quality of that work, in some cases, has suffered. Take teaching, for example. While we have the technical and physical infrastructure to allow students to attend classes remotely, parents, students, and teachers' sentiments have shown that the product's quality (i.e. education) has suffered.

A Breakdown of Functions

While it is tempting to categorically determine which industries would have the most potential to benefit from WFH, the reality, as seen in the examples above, is much more nuanced. A better way to determine WFH efficacy then is to look at the functional components of each role in determining whether the preference leans

towards remote work or working on-site and then cross-reference those roles within industry to paint a better overall picture.

“Trying to do it all and expecting it all can be done exactly right is a recipe for disappointment. Perfection is the enemy.”^v
-Sheryl Sandberg, COO of Facebook

Below is a list of broad functions and their effective potential for WFH as an estimated percentage. The percentages listed summarize the prospects of taking the role remote with little to no loss in productivity.

- Creating Knowledge - 80%
- Computer Interaction- 70%
- Information Analysis - 55%
- Creative Thinking - 45%
- Relationship Building - 30%
- Administrative/Organization Tasks - 40%
- Process Monitoring - 35%
- Sales - 25%
- Teaching/Training - 10%
- Health/Human Care - 10%
- Handling Machinery/Equipment - 2%

While some of the above percentages make intuitive sense, others leave significant room for explanation. The variances within each function rely on each role's industry preference and directive. For example, when looking at administrative tasks, we may naturally assume most of those tasks can be done remotely. This assumption relies on a general understanding of such a role but not the industry-specific functions that come with the role. While many "traditional" administrative tasks such as scheduling, answering phone calls, and drafting emails can be done effectively in a WFH environment, other duties within the role, such as handling cash and attending to clients, require a more hands-on approach.

“This means that where the work permits, employees have the flexibility to work where they can have the greatest impact on achieving our goals. We’re already adapting our recruitment efforts to include hiring positions that are designated specifically as remote.”^{vi}
-Mary Barra, CEO of GM

A Breakdown of Industry

Taking the functional tasks from the previous section and pairing them with specific industrial sectors gives us a better understanding surrounding the efficacy

of WFH. Similar to the functions and tasks listed above, below is a list of broad industries and the effectiveness of WFH.

- Finance/ Insurance - 75%
- Management and C-Level - 70%
- Technical Services - 60%
- Technology and Communications - 60%
- Education/Real Estate/ Utilities- 30%
- Entertainment/ Health & Human Care - 20%
- Manufacturing/ Mining/ Transportation - 18%
- Construction - 15%
- Food Services/ Agriculture - 10%

Looking at the list above, we can see some overlap between the functional elements of a specific role and the industrial segments they fall under as a broad category. For example, let's look at health and human care as both an industry and a function. As an industry, the field consists of a coalition of various roles and functions, so many of the functions that can shift to remote work would fall under this industry. However, the core role itself, i.e. taking care of individuals, significantly falters in terms of remote work efficacy, primarily because such a task nearly always requires the worker to be physically present.

“It could be up to 30% of the white-collar workers who might continue to work from home. Right now, more than half of our workforce is still at home. That excludes, of course, the blue-collar production staff.”^{vii}
-Markus Duesmann, CEO of Audi

Piecing It Together

Because each industry can have a variety of functional roles within each organization, it is essential to look primarily at the functional aspects of each role. Two companies can be in the same industry yet have vastly different WFH prospects depending on the specific products and services they offer.

To illustrate this point, let's look at the insurance industry and determine how two different companies could have very different WFH efficacy percentages based on the specific roles of workers they employ. If company A primarily focuses on underwriting policies and opts to outsource most survey and actuary work, then they are a better candidate to shift to a remote work environment. In contrast, if company B underwrites its policies and has a team of surveyors and actuaries in-house to conduct field investigations, those roles are significantly more challenging to shift remotely, as a physical presence is required for more significant claims.

Generational Preferences on WFH

Now that we have nearly two years of WFH data, we can piece together more detailed findings regarding generational preferences on remote work.

One of the more interesting findings within this category of research was the counterintuitive nature of the responses. Early in the pandemic, the sentiment from Gen Z and Millennials regarding WFH had been mostly positive, and the underlying assumptions of many were that the younger generations preferred WFH while the older ones preferred an office environment. The research, however, proves just the opposite.

A recent survey conducted by Hubble HQ^{viii} found that Gen-Z was the most "pro-office" generation, while Baby Boomers were the most "pro-remote." While these results may sound counterintuitive, they align with our previous findings when we look at the specific factors that employees value when working for a company.

While overall, individuals across generations responded positively to remote work, they equally missed certain aspects of on-site work. What drives the variances between generational preferences falls into what each group missed the most from on-site work. The factors that drove the most significant variances between the older and younger generations amounted to the perks offered with an on-site environment. Certain perks, such as free food & drink, social events, and fitness centers, led many more Millennials and Gen-Z to prefer an on-site environment.

From the data, it appears baby boomers and Gen-X value these perks significantly less; thus, they are not seen as a motivating factor for on-site work.

Another significant finding between generations appears to fall under "perceived productivity," with Gen-Z stating they feel most productive in a focused office environment. In contrast, baby boomers and Gen X stated they are equally productive in both environments. When we dig into the data a bit more, we find that a significant portion of the younger generation lives with parents, roommates, or young children, potentially accounting for their perceived lack of productivity at home. Alternatively, Gen-Z and baby boomers are more likely to live alone or with a spouse since their children are likely to be adults living on their own.

While it is clear that individuals across generations liked WFH for different reasons, their sentiments regarding the negative aspects of WFH were equal: a lack of social interaction. This makes sense when we break down the preferred elements of on-site work, as they all converge towards socializing with colleagues and peers.

Is Remote Work the Future?

Having analyzed the industry related, functional, and generational preferences for WFH, the overall findings seem to indicate that WFH is here to stay, albeit in a more hybrid fashion.

“Success in a hybrid work environment requires employers to move beyond viewing remote or hybrid environments as a temporary or short-term strategy and to treat it as an opportunity.”^{ix}

-George Penn, VP at Gartner

Since the inception of the pandemic-induced WFH orders, nearly three-quarters of the remote workforce has returned to an on-site environment at least one day a week. Of those who have returned, another three-quarters state that they feel more included in organizational affairs. While WFH has many benefits to both employers and workers, it has become clear that the desired qualities of an on-site environment remain persistent. As such, the future of remote work will most likely mirror a hybrid environment, where workers and managers will still have the ability to collaborate in person while simultaneously taking advantage of the WFH benefits to which they have become accustomed. In any event, properly integrating people who are onsite and remote so that differences between the two from a performance and career perspective are minimized will always be key to success. Being good at hybrid will be even more important as new COVID variants flare up and interrupt the much wished for return to normal.

Finally, even if a company, industry, or leadership team has a preference one way or the other, giving employees a genuine choice will increase the accessible talent pool at the time when the war for talent is once again heating up.

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