

ECONOMIST IMPACT

The great rebalancing: priorities and work-life balance in a hybrid working environment

Supported by wework

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Foreword

The pandemic has accelerated the future of work, and demand for flexibility and autonomy has skyrocketed among employees across the globe. As a result, companies—both large enterprises and fast-growing startups alike—have been charged with creating a working model that not only empowers employees with greater choice but also champions an inclusive and connected company culture in an evolving landscape.

Hybrid working—which enables workers to choose between two or more different environments to work from, depending on what suits them best—has become a staple in modern working life. For some, steering away from traditional working schedules has been an easy transition. For others, this rebalancing has caused a disconnect with colleagues and blurred the lines between work and personal lives.

What has become clear is that the world of work can no longer have a "one size fits all" approach. With hybrid working here to stay, business leaders must now create progressive workplace strategies that marry business priorities with employee expectations. Workplace strategies that are pillared by trust, flexibility and choice will be table stakes for any company moving forward—particularly if they want to stay competitive in the race to attract and retain top talent.

This report, supported by WeWork, delves into the key shifts around work-life balance. It examines employee preferences and business challenges from organisations around the globe as they seek to embrace flexibility at all levels.

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Executive summary

The covid-19 pandemic has fundamentally changed the way that people work. It has driven a shift in traditional working habits and longstanding business hours while bringing new and unforeseen challenges to workers globally—including blurring the lines between work and home. It has also changed personal and professional priorities for many, leaving some wanting to spend more time with family and friends, some taking up new hobbies, and others wanting to focus more on their physical and mental health needs.

The ability to work remotely, and the greater flexibility that comes with it, have contributed to improvements in work-life balance for some. But for others, this new "work versus home" balancing act has been—and continues to be—a more challenging experience.

After nearly two years, many organisations have started requiring workers to return to the office—at least for some of the week, and this trend is likely to continue once the threat posed by new variants of covid-19 subsides.[1] Businesses must determine how the priorities of their employees regarding work-life balance have changed and how emerging work models such as hybrid working[2] can facilitate the resulting shift, meeting new demands for flexibility. To ensure fairness for all, employers will need to account for the diverse needs and preferences of every type of worker when designing hybrid workplaces.[3]

To better understand how priorities around work-life balance have changed for workers at all seniority levels as a result of the pandemic, and whether these priorities are aligned with hybrid work policies, Economist Impact, with support from WeWork, surveyed 700 senior business leaders (director and C-suite level) with responsibility for determining companies' working arrangements, as well as 4,000 mid-to-junior-level employees (manager level and below) between August and October 2021. (Throughout the report we refer to the survey findings as pertaining to "business leaders" and "employees" respectively.) Both survey samples were drawn from ten cities—London, Berlin, Paris, Singapore, Sydney, San Francisco, Los Angeles, Boston, Washington DC and New York City—and a range of industries.[4] Taken together, the findings from these two surveys comprise the Economist Impact Work-Life Balance Barometer.

[1] Business leaders have responsibility for the types of hybrid models that are deployed in their organisations.

[2] Hybrid working remains a fluid concept without a set definition. For the purposes of the research, Economist Impact defined it as working remotely between one and four days a week. However, the concept of hybrid working could mean different things to different companies, such as enabling workers to choose between two or more different environments to work from, depending on what suits them best.

[3] https://www.economist.com/the-world-ahead/2021/11/08/how-to-ensure-that-the-future-of-work-is-fair-for-all

[4] The employee survey sample spanned 15 industries: aerospace and defence; consumer products; construction and real estate; education; energy and natural resources; entertainment and media; financial services; government and public sector; healthcare, pharmaceuticals and biotechnology; IT and technology; legal; manufacturing; professional services; retailing; and transportation, travel and tourism. The business leader survey sample spanned seven industries: consumer products, education, financial services, IT and technology, media and entertainment, professional services, public sector. The Work-Life Balance Barometer focuses on those industries shared across both samples.

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Our Work-Life Balance Barometer provides a snapshot of the world of work in flux. The office is not "dead", but our relationship with it has dramatically changed. Business leaders and employees across the globe are seeking a "hybrid" work model that delivers greater flexibility. This new world of work brings with it new complications and evolving demands, particularly for team managers and HR executives as they try to forge a model that marries business priorities with employee preferences. The transition from old to new may be challenging at times—but the reward, if all goes well, could be a path towards a world of work better suited for all.



Key findings include:

- **Remote working boosted productivity and work-life balance for business leaders but outcomes were mixed for employees in less senior roles.** Six in ten business leaders reported a positive impact on both work-life balance and productivity during the first 18 months of the pandemic, compared with only a quarter of employees reporting a positive impact on work-life balance and less than a third reporting a positive impact on productivity. This discrepancy could be explained by employees reporting less flexibility during the pandemic compared with business leaders, less access to remote working equipment, and ascribing a greater importance to having an office to go to in order to maintain separation between their personal and professional lives.

- **Workers at all seniority levels who are offered flexible working arrangements that include at least three days a week remote report more positive work-life balance.** A majority (59%) of business leaders who reported a flexible working arrangement of at least three days a week remote during the pandemic reported a positive effect on their work-life balance, compared with only 23% of those who did not have a similar arrangement. The effect was similar but smaller for employees in less senior roles: about a third (30%) of employees with flexible arrangements that included at least three days working remotely reported a positive effect, compared with only a fifth without such an arrangement.

- **Workers at all seniority levels with hybrid working arrangements display the highest level of satisfaction with their company's plans for the future.** Eight in ten employees (81%) and over three-quarters of business leaders (77%) who have flexibility over how many days they are expected to work in the office feel that their organisations are striking a good balance between returning to the office and working remotely. Among those required

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to work fully remotely or in the office full-time, only 54% of employees and 48% of business leaders are satisfied with their company's workplace strategy plans.

- **Employees in less senior positions display a "segmentor" mindset, preferring to keep their work and personal lives separate.**[5] For example, over half (56%) of employees enjoy going to the office because it allows them to keep their professional and personal obligations separate. However, regional and demographic disparities suggest companies should take a tailored approach that considers different cultural needs and expectations.

- **To attract and retain talent, businesses will need to deliver hybrid flexibility at all levels of seniority.** Greater flexibility over working hours and the ability to work remotely are considered by employees at all levels to be among the top measures that companies could implement to achieve a healthy work-life balance.

- **Businesses need to prioritise office safety and give managers the right technology and training to make hybrid models work.** The findings from our Barometer show that time in the office is important to workers at all levels, but the majority of workers want flexibility over how often they go into the office. Policies around offices and workspaces need to ensure that they are addressing employees' concerns about feeling safe in busy offices. Senior managers charged with the responsibility for managing hybrid workforces need skill-based training and technologies to help manage a remote workforce.

[5] https://cccba.org/flyer/2020/2020-ed-series/2020-education-series-7-materials.pdf

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Better at the top?

Remote working boosted productivity and work-life balance for business leaders but outcomes were more mixed for those in less senior roles.

The past two years have been challenging but have also brought about an opportunity to reassess how we split our time between work and home. The ability to spend more time at home, owing to the rise of remote and hybrid working and reduced business travel, left many experiencing greater focus and productivity and with more time for leisure.[6]

Our Barometer finds that the greater flexibility that comes with hybrid work has contributed to a boost in perceived productivity and work-life balance for at least some workers at all levels. However, it was particularly positive among our business-leader sample of company directors and C-suite executives. Six in ten business leaders report an improvement in their productivity and work-life balance since the onset of the pandemic (See Figures 1 and 2).

But for employees in less senior roles, the effect of the pandemic has been less positive, with a smaller share (25%) reporting a positive impact on their work-life balance and over 40% saying

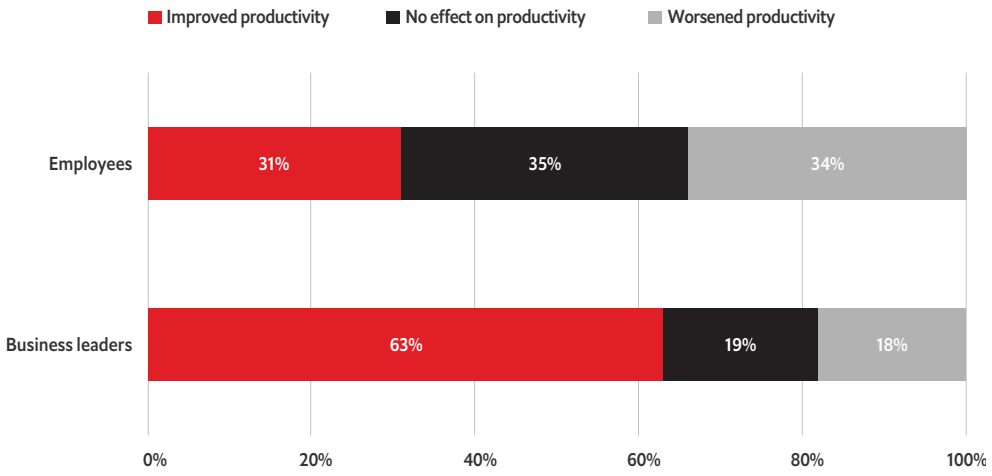


that enforced remote working worsened it. Our analysis of the data suggests a few potential explanations for this, including the fact that employees reported lower levels of flexibility, less support with remote office equipment and a desire to go into the office to socialise with colleagues and maintain separation between their personal and professional lives.

[6] https://time.com/6108331/business-travel-decline-covid-19/

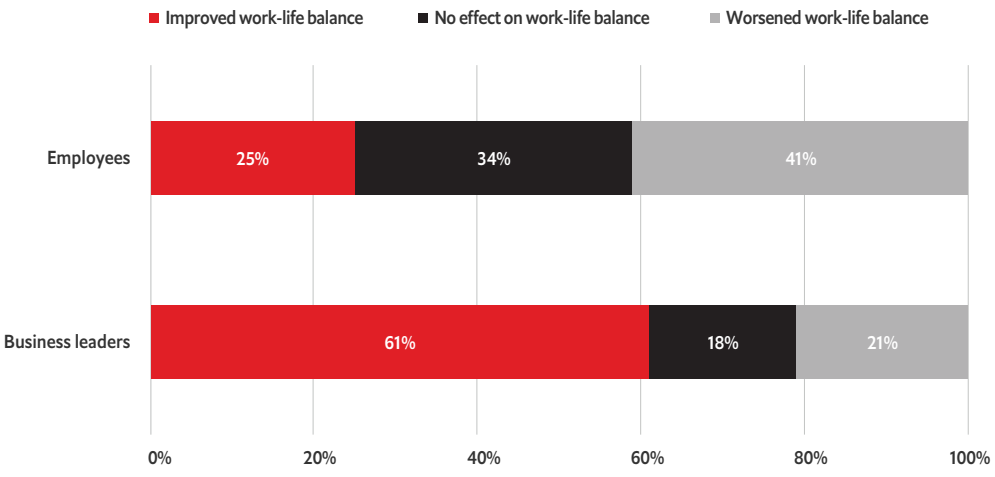
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Figure 1: How did the experience of the pandemic and remote working affect your productivity? (% of respondents)



Source: Economist Impact

Figure 2: How did the experience of the pandemic and remote working affect your work-life balance? (% of respondents)



Source: Economist Impact

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Happier hybrids

Workers at all seniority levels who are offered flexible working arrangements that include at least three days a week remote report more positive work-life balance.

A majority (59%) of business leaders who reported a flexible working arrangement of at least three days a week remote during the pandemic reported a positive effect on their work-life balance, compared with only 23% of those who did not have a similar arrangement. The effect was similar but smaller for employees in less senior roles: about a third (30%) of employees with flexible arrangements that included at least three days working remotely reported a positive effect, compared with only a fifth without such an arrangement.

Greater flexibility looks set to continue. After a period of more than a year in which the majority of business leaders (60%) and a plurality of employees (34%) have worked remotely full-time, many companies are encouraging their employees to return to the office or making return-to-office plans to implement in early 2022—containment of new covid-19 variants permitting. Nearly two-thirds (64%) of business leaders and two-fifths (39%) of employees report that their companies are implementing some form of hybrid working model over the next one to two years (20% of employees said that plans have not been announced yet).

Our survey suggests that, so far, the flexibility of a hybrid way of working is having a positive effect on work-life balance. On a scale of 1-7, nearly three-quarters of business leaders (71%) and two-thirds of employees (66%) positively rate their current work-life balance, with a score between 5 and 7.



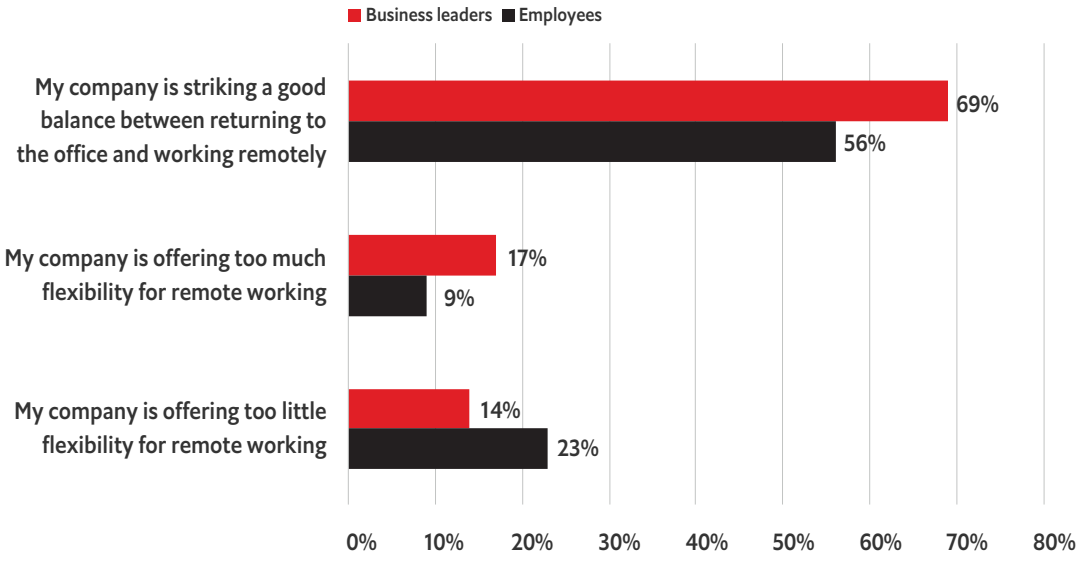
Workers at all seniority levels who are to be offered a hybrid working arrangement are more likely to feel positively about their company's return-to-office plans.

Our surveys find that workers at all levels generally feel that their company is striking a "good balance" between returning to the office and working remotely (see Figure 3). Less than

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a quarter of employees (23%) feel that their company is offering too little flexibility. Moreover, our analysis revealed that workers who are offered hybrid models display the highest level of satisfaction with their company's workplace strategies. Of those who are to be offered a hybrid work model with flexibility over how many days they are expected to work in the office, 81% of employees and 77% of business leaders view their company's plans positively. By comparison, 54% of employees and 48% of business leaders who are set to be offered less flexible working arrangements (either fully remote or full-time in the office) are positive about such plans.

Figure 3: How do you view your company's plans for returning to the office? (% of respondents)



Source: Economist Impact

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The home/office divide

Employees, particularly those in less senior positions, display a "segmentor" mindset, preferring to keep their work and personal lives separate.

When it comes to the intersection of work and personal life, our survey finds that the majority of employees in less senior roles prefer to keep both lives separate (such workers have been described as "segmentors").[7] For example, over half (56%) of employees enjoy going to the office because it allows them to keep their professional and personal obligations separate. Only a fifth of employees disagree with this—these individuals, who prefer blurred boundaries between work and personal life, might be better described as "integrators".[8]

Business leaders appear to understand the value of the office for in-person communication, while recognising the importance of giving employees choice over where they work. The majority of business leaders see value in creating a positive office environment: almost two-thirds (62%) believe that face-to-face interaction in the workplace is essential to maintaining an inclusive and connected company culture. At the same time, over half (56%) believe that giving employees the ability to work remotely for at least part of the week is now essential for employee retention and talent recruitment. This is particularly the case for business leaders working in the professional services industry, with almost three-quarters (71%) feeling this way.



And nearly three-quarters (74%) of all business leaders disagree that maintaining workplace culture is more important to their business than giving staff flexibility to work remotely. This is a positive sign that business leaders charged with determining their companies' approach to hybrid working understand the need for both remote working and office workspaces.

7 https://cccba.org/flyer/2020/2020-ed-series/2020-education-series-7-materials.pdf
8 Ibid.

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The value of flexibility

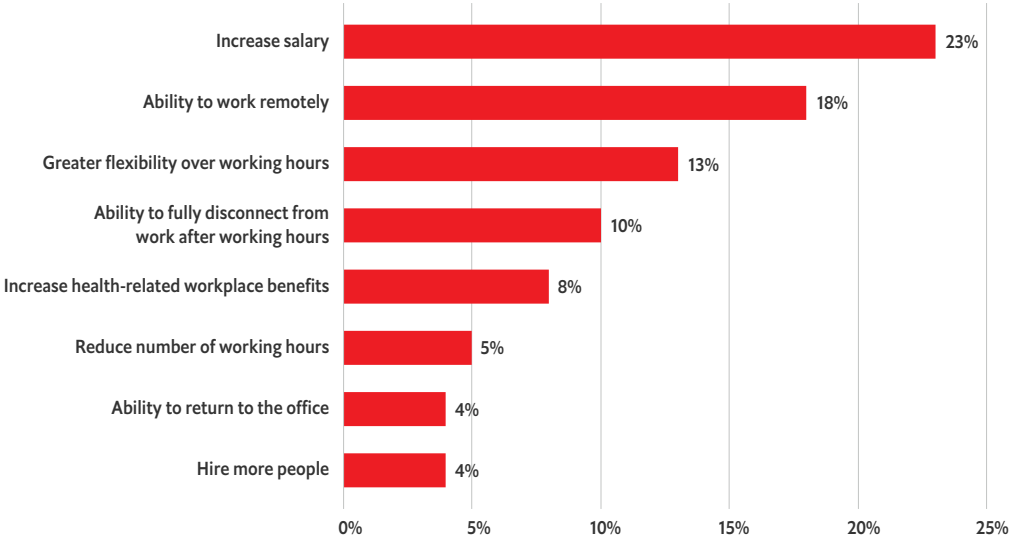
The ability to work remotely and greater flexibility over working hours are among the top drivers of a healthy relationship with work—but there is variation across geographical markets and industries.

Having mapped out current sentiments, how can organisations promote a healthy balance for their workers as hybrid models become the norm?

We asked employees to rank their priorities for achieving a sustainable work-life balance now and after the pandemic. While salary increase came out top (23%) for employees in less senior positions, the ability to work remotely (18%) and greater flexibility over working hours (13%) were the second and third most important priorities (see Figure 4). At the same time, as noted above, a majority of employees want the home- and work-life separation and opportunity for socialising that face-to-face office engagement brings.

Business leaders need to balance these priorities as part of their talent retention and recruitment strategies. But they must be mindful that priorities vary by geography. For example, Singapore-based employees are more likely to value having the ability to fully disconnect from work than employees based elsewhere (16% versus 9%). Age is also a factor: younger employees are more likely to value health-related workplace benefits than older employees—14% of Gen Z respondents valued this the most, compared with 7% of Millennials, Gen X and Baby Boomers.

Figure 4: Thinking about the things that an employer could offer to help you have a healthy work-life balance, which factors do you consider the most important? (% of employee respondents)



Source: Economist Impact

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Tackling new challenges

To attract and retain talent, businesses will need to deliver hybrid flexibility at all levels of seniority, prioritise office safety, and give managers the right technology and training to make hybrid models work.

Although it is clear that workers want to work flexibly, many have concerns about how a hybrid world of work will unfold. When asked if they were nervous about the business impact of hybrid working, nearly half of business leaders (48%) said yes.

Business leaders' main concern (44%) is adapting to new technologies necessary for the hybrid model and having the right skills to manage a remote workforce, while just under a third (29%) have concerns around dealing with changing employee expectations. These concerns appear more acute in Australia and Singapore, where almost three-quarters (73%) of business leaders have concerns about the ability to manage a remote workforce—compared with only 28% of business leaders based in France, for example.

On the other hand, business leaders need to address workers' concerns about feeling safe in communal spaces and busy offices, with a quarter of employees citing this. This concern is particularly prevalent among older generations, with nearly a third (30%) of Baby Boomers feeling this way, compared with less than a quarter (23%) of younger workers.

Employees' other top concerns relate to the ability to maintain boundaries between work and personal life—reinforcing their "segmentor" status—as well as losing the flexibility to work when and where it suits them best; these were respectively cited by 24% and 22% of employees.

Concerns also vary by geography and age. Employees based in France are most concerned about maintaining boundaries between work and personal life, with 38% sharing this concern. This correlates with the fact that France-based employees were the group most likely to report enjoying going into the office, as it allows them to keep professional and personal obligations separate, with 64% citing this.

And across regions, younger employees are more likely to express concerns about a blurring of boundaries between their work and personal lives than older employees, with nearly a third (31%) of Gen Z respondents feeling this way, compared with less than a quarter (23%) of older generations. Business leaders need to recognise that having the opportunity to work in an office environment is particularly important for younger employees and those in less senior positions, not only because of the opportunity to socialise and learn from colleagues but also because of the separation between personal and professional lives that the office provides.

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The future of work

The pandemic has created a unique opportunity for both business leaders and employees to realign their priorities, personally and professionally. As a result, hybrid models that provide workers with the freedom to shape their working schedules will be a minimum expectation for any organisation looking to empower its current employees and attract top talent in this new era.

Organisations must recognise that the future of work can no longer have a "one size fits all" approach. For business leaders, flexibility and the opportunity to work remotely are key for their own work-life balance, but they also acknowledge that managing their workforce and adapting to new technologies will continue to be a challenge. For employees, visiting the office seems to be important as a way to help them maintain boundaries between work and their personal life, not to mention the importance of face-to-face engagement for learning, development and career progression.

To thrive in this new hybrid era, businesses must take the time to listen to their workforce, understand their diverse needs and preferences, and implement measures that cater to all. This will require different tools, skills and, potentially, a new approach to how companies think about everything from employee benefits to management approaches, professional development and workspace. Flexibility will be key: workers at all levels want time working from home, but they also want the opportunity to go into workplaces that are accessible, safe and inclusive. Face-to-face engagement is important



not only for workplace culture, team cohesion and equity towards those earlier in their career—but also because a significant proportion of employees view offices as important to providing needed separation as part of a healthy work-life balance. While flexibility will deliver benefits to workers at all levels, it will pose challenges to managers. To succeed, companies need to devise the right policies and invest in equipping senior managers with new skills and technologies to manage hybrid workforces. Companies that do this and develop a hybrid working environment that is fair for all will likely be better placed to attract and retain the best talent.

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