

Executive summary

Hybrid work, a model where office-based work is mixed with work carried out remotely fully or in part, is here to stay. That said, the hybrid model will not be fully put to the test until the pandemic is over. Just over 16 percent of Swedes are expected to work remotely part of the time, and an increasing number of companies are now sharing their plans to introduce a hybrid work model. However, the hybrid model comes with challenges that will require more than just increased flexibility. In this report, Sodexo presents five problems with the hybrid model paired with advice on how they can be solved.

- **Exclusion and inequality** There is a risk that those working remotely in a hybrid model will have lesser pos
 - sibilities to participate in community and culture, be excluded, and have poorer working conditions. Full inclusion of all employees and equal conditions regardless of where you work from is a must. Solutions that bridge the physical with the digital and start from a remote-first perspective generate better conditions for a good culture and reduce the risk of excluding those working remotely.
- A flat tire for corporate culture Company culture is at risk of withering away. Maintaining a strong corporate culture in a hybrid work environment requires rework and innovation. Company culture must be decoupled from a physical location and include all employees in the creation of a new omni-culture adapted for a hybrid workforce.
- Leadership The hybrid model comes with old and new challenges to tackle, mainly for managers and team leaders. Leadership can be more challenging and the responsibility wider when employees work from different places. Leading hybrid teams requires resources and strong leadership skills from both managers and employees, as self-leadership becomes increasingly important.
- The balance between individual and team To achieve a balance between individual preferences, the needs of the team, and the company objectives, a worklife strategy is required, based on the needs and goals of the company. Compromises will be necessary as it is difficult to meet the flexibility preferences of every individual. Inclusion of employee perspectives in strategy and planning is important to be an attractive company.
- Optimization of premises and services The question "what should we do with our office space" will remain on the table. The answer is flexible solutions for a flexible workforce. Better optimization, investments in flexible solutions for space and consumption such as lunch and coffee, and a great deal of patience will be needed to discern patterns in how employees move between the office and the remote workplaces.



Current mode – at the starting blocks of hybrid work

If you have not as a company made the decision on how work should take place after the pandemic, it is high time to do so. 700 HR managers stated already in the fall of 2020, in a Sifo survey conducted on behalf of Sodexo, that an average of 16 percent of their employees would continue to work fully or partially remotely after the end of the pandemic. In Stockholm, the number was 29 percent. More and more companies are now talking about their plans for the new normal, spanning from a definite return for employees to the office, hybrid work, and completely remote work. One of the big changes to worklife following the pandemic is the eye-opener that it is actually possible to work remotely. Both employees and employers have seen it work, of course to a varying degree for different organizations and individuals. It will therefore not be possible to stop remote work and flexibility, and the power over freedom of choice has been moved one step closer to the employees. A hybrid model where you work certain days at home and certain days at the common workplace has become a frequent answer from both employees and employers when asked about worklife after the pandemic.

At first glance, it can be perceived as purely utopian: we have finally cracked the code to getting the best of both worlds and good conditions for a healthy worklife balance. We are in the middle of a paradigm shift for worklife, given the opportunity to restart and do better – create better work environments, build better occupational health and open up for new business objectives where flexibility is a key. Hybrid work will most likely be part of the new worklife and for many, the new will be the normal. But for the mix of remote and office-based work to function well, many pieces of the puzzle must fall into place, especially for team leaders and managers. There are many pitfalls, and the solutions are complex. Sodexo has mapped the challenges of switching to a hybrid model and paired each one with advice and solutions.

PROBLEM 1

Exclusion and inequality

Many employees whose jobs have functioned well from home during the pandemic expect that they will be allowed to continue to work remotely, at least in part. In that, the game plan has changed, and power has shifted from employers to employees. This means challenges for managers and supervisors, but also for employees. Several critics point to the risk of exclusion in a hybrid work model, including Gartner. One concern highlighted in a study from Stanford University is that in-house employees are promoted more often, receive more benefits and more often a salary increase compared to those who work remotely. Women, people in junior roles and more introverted employees are also highlighted among those who work remotely in a hybrid workplace as groups that risk exclusion (Bloom, Financial Times, 2021, Gartner, 2021). This can be due to several factors, including that physical presence is measured as a form of productivity, that these employees are seen and heard more and therefore become more involved, that their relationships with managers and other employees in the office are easier to maintain, and that those working remotely risk being made invisible.

Having the opportunity to work remotely can be regarded a benefit in itself and the conditions for what it entails must therefore be clarified and followed. When companies



open for more flexible opportunities and state that their employees can work remotely in part or fully if they wish, this choice should not mean that the individual has to choose poorer conditions and career opportunities in exchange for greater worklife flexibility. If that is the case, this must be made clear to the employee when the terms are discussed. For most companies that before the pandemic had a low level of remote workers, these are new challenges to manage. We are currently still under pandemic restrictions with mandatory work from home for those who can, and it is only when this responsibility is transferred to the employer that the magnitude of the challenges will become clear.

An inclusive work environment also requires a stronger focus on accessibility in the physical and the digital work environment. For participation to be equal for employees, a range of disabilities must be taken into account, whether cognitive, physical or other limitations. The hybrid work model has great potential to increase inclusion, provided the perspective is broadened from accessibility in the physical environment to also include the cognitive work environment.



To ensure that the hybrid workplace includes everyone who works within the company, considering the risk of exclusion is vital. The conditions that apply when working remotely must be specified and followed, and clear guidelines must be set for how work effort and productivity are measured. Is it performance and delivery, or physical presence and visibility?

ADVICE TO REDUCE EXCLUSION AND INEQUALITY

Common terms and opportunities to participate regardless of workplace

One way to tackle the problem, presented by GitLab and Nicholas Bloom from Stanford University among others, is to start from a remote-first perspective. In a hybrid meeting – digital meeting with one or more parties remote and some in the same room – all participants must have the same opportunities to participate and be heard. To succeed in this, efforts are needed to bridge the gap between the physical and digital workplace. To create inclusive and well-functioning hybrid workplaces, investments are required in the right technology and work environment where employees work. A new perspective on accessibility is equally important for a hybrid workplace to be inclusive. So is redesigning meetings and work processes, with consideration given to providing equivalent opportunities regardless of where employees work from or what needs they may have. Investments in technology, services, and tools that make the physical and cognitive work environment accessible are important. With a broader approach to accessibility, companies gain opportunities to attract talent who thrive less in a traditional office environment and benefit from adapted technology and services.

One concrete measure is for everyone to participate digitally via their own screen, even if some are in the same physical location, or to ensure that meeting technology is designed so that digital participants are involved via larger screens and good microphones or virtual work environments. An example of technology that bridges the physical with the digital is the virtual collaboration platform **Glue**, which is part of Sodexo's accelerator program **Sparx**. The platform functions as a virtual part of the workplace where colleagues can meet face-to-face through avatars in different collaboration environments, such as meeting rooms, conference rooms or the coffee room, regardless of where they are physically located.



A flat tire for corporate culture

The liberation of working from home has brought with it greater flexibility and, for many, opportunities for a better work-life balance. But what has been highlighted as a problem in several surveys, including in Sodexo's Sifo survey among HR managers, is a weakened corporate culture as a result of remote work. When working from home became the norm for both managers and employees, conditions were arguably equal: almost everyone worked remotely. However, maintaining a corporate culture digitally is obviously not the same as in a shared workplace and many companies are experiencing the cultural equivalence of a flat tire, as corporate culture has slowly but surely receded. In that aspect, many now have high hopes for the end of the pandemic and a return to the offices. Even if not everyone will return, at least some will do so, which creates better conditions for maintaining and developing company culture. What risks happening in the new normal, when the pandemic is over and the new hybrid model is permanented, is that corporate culture is fragmented into clusters. Remote workers in their silos, those who work full-time in the office building their culture, and those who alternate between remote and office-based work a third.

Organizational researcher **Marco Minervi** highlighted the problem in an interview in BBC Worklife's report on future hybrid work and describes the split as in-groups and outgroups:



"You run the risk of creating in-group and out-group dynamics in hybrid teams. In other words, a mixed model can entrench a divide between those in the office and those at home (and potentially magnify the gender gap, as women are disproportionately expected to take on home-based caring responsibilities). And there's consistent evidence to show that in-group and out-group dynamics reduce collaboration and increase conflict."

The risk is that such divisions create larger gaps between employees, which in turn impairs cooperation and company culture.

In the past, the physical workplace was an important component of corporate culture: how employees behave in the office, how the office is designed, and what one does and does not do within the office walls. To some extent, the shared physical workplace will continue to be an important cultural carrier, but its importance will diminish in a hybrid worklife.

ADVICE TO MAINTAIN A STRONG CORPORATE CULTURE

Build an omni-culture together

The first thing a company should do is raise awareness of the risks a hybrid model poses to the corporate culture. The role of the office will shift from workplace to meeting place. At the same time, culture is above all something that resides in the employees' heads rather than in the office walls. The meeting culture is also put to the test when physical meetings become more rare but increasingly important from a social perspective, at joint activities such as conferences, large meetings and kick-offs. What is required in a transition to a hybrid model when some work remotely, some in the office, and some a little of both, is a remake of the culture.





We must decouple culture from the physical workplace and build a new common omni-culture, which includes everyone who works within the company, and which is not dependent on time and space.

To build an omni-culture, a common starting point and equal conditions for in-house and remote employees is needed – the same as in counteracting exclusion. There is no "one solution fits all" for how companies should go about creating a culture that is accessible no matter from where you work, and it will need to evolve over time. But what you can start with is to ensure that conditions, terms, possibilities, activities, opportunities for participation and benefits are common to all employees. Dialogue with employees is important and measuring and asking how employees feel and experience their worklife creates a good basis. Employees create corporate culture together, and everyone must therefore be included in the shaping of the new omni culture.

PROBLEM 3

Leadership

When Swedish state epidemiologist Anders Tegnell declares we are in the clear and that remote work is no longer called for by the government, the decision will be transferred to managers and leaders. Decisions on how the work will be conducted in the future, both immediately after the summer and in the long term, are placed on many managers' tables. Deciding on employee opportunities for remote work and what a mix of office and remote work should look like is an important and sizable task. And when hybrid work truly comes into force for those who choose a hybrid model, this means new and great challenges for those who lead others. Managers who have employees in the office and remotely will need to take on a coordinating responsibility to meet the challenge of making the dynamics between dispersed team members work.

A major problem according to the HR managers in Sodexo's Sifo survey is taking responsibility for the wellbeing and health of employees when not seeing them in person. In hybrid work, the challenges of taking responsibility for employees remain, and are made increasingly difficult with a mix of employees in the office and at a distance. Ensuring that individuals and teams have what they need, ensuring that communication between them works, and that work environment and culture are good will require more work and prioritization than before.

ADVICE TO SECURE SUSTAINABLE LEADERSHIP

Hybrid models require the decommissioning of old ways of working

Productivity has increased, meetings are more numerous but shorter, working days are more flexible but, for many, longer. Old meeting cultures, routines and standards are not compatible with flexible hybrid work. Invest in training and preparing managers and leaders to lead hybrid teams. Line managers need to be guided to lead their teams both remotely and in the physical workplace. The role of managers and supervisors in coaching employees and teams will become increasingly important, but so will employee self-leadership.



Competence development through training in leadership and remote leadership and joint workshops for both managers and employees will be central for success in leading hybrid work groups.



Giving employees the means to take care of their own wellbeing is also central, perhaps especially for remote work.

There are tools that employees themselves can use to focus on and improve their well-being. One example is the **Remente** app, which is part of Sodexo's accelerator program Sparx. In the app, you can evaluate your mental health, get motivation, access a digital gym, get help with planning and goals, and more.

PROBLEM 4

The balance between individual and team

Do not promise total freedom of choice and flexibility to the individual without having mapped the needs of the team and the company. Meeting the needs of individual employees, work groups and the entire company is a fine balance. That an employee has tasks that can be performed remotely does not mean that they are best done remotely. Consider a team leader with mostly administrative tasks who leads a team on a production site. Although it is theoretically possible to do most of the work remotely, it is probably suboptimal as the production team must be on site. The effects of remote work vary depending on what roles and tasks you and others in the work group have. A mix of junior and senior employees in the workplace is also highlighted as an important factor for good balance.

In a survey conducted by the trade union Vision at the end of last year, most people in the age group 18-30 were dissatisfied with remote work. Among the reasons given were that young people have a greater need for support and meeting colleagues than those who have longer work experience. Those with longer experience, aged 30-39, may not need as much support and guidance and are more often also part of the category that enjoys working at home. Learning from more senior colleagues is often an important part of competence development, but the opposite is also true: young people often bring new perspectives and working methods.

Another challenge is everyone's personal preference for hybrid work. If team employee X wants to work at home every Monday and Friday while Y wants to work at home on Tuesdays and Thursdays, Z on Wednesdays and there is a need for cooperation between all of them which is best done in physical meetings, this is a difficult nut to crack.



Compromises will be required and dialogue and opportunities for employees to present their needs and suggestions will be important.



ADVICE FOR BETTER BALANCE BETWEEN INDIVIDUALS AND TEAM

Create a worklife strategy and invest in skills development

A well-developed worklife strategy is important to create conditions for a good balance in hybrid work. In a previous <u>Sodexo report</u>, we presented a model for creating a robust strategy based on evaluation and analysis. The model includes four analysis steps: market analysis, experiences and new knowledge from the pandemic, the company's strategic needs, and the portability index (how much of the workforce has tasks that can be performed remotely). The answers from the analysis provide insights into company and employee needs and existing conditions to find the important balance required between the individual's desire for flexibility and the team's need for a well-functioning collaboration.

PROBLEM 5

Optimization of premises and service

In contrast to the problem that people have varying preferences for when they want to work at home or in the shared workplace, there is the opposite: the probability that many employees prefer to work in the common workplace on the same days. If the existing or new office is not planned to accommodate all employees at the same time, an obvious problem arises. If the reason is that employees choose to come in on the same days, it is also likely that this is when they have chosen to place important meetings and work processes that require physical presence. Then a shortage of meeting rooms risks becoming a problem.

This leads us to the tough question that has surfaced in relation to office space during the pandemic. If in many cases productivity has increased during this period of extensive remote work, what does that say about our old ways of working and offices? Another practical problem with hybrid work is procurement planning and services – from consumer goods such as food, consumables and office supplies, to facility management services such as cleaning, restaurant and workplace services. With a mobile workforce appearing in the office on different days and times, with a higher frequency some days of the week and lower during others, calculating how much will be needed when is a challenge.

ADVICE ON HOW TO MAKE BEST USE OF PREMISES AND SERVICE

Evaluate, direct resources to optimization, and prioritize flexible solutions

To answer the question of the role of the office for employee productivity, an evaluation of before and during the pandemic is important. What is behind the increased productivity? Is it connected to the physical place where tasks were performed, that employees worked more efficiently with greater focus – or is it that the employees worked more? Based on the answers, the task will be to optimize the office for a hybrid work model.



The short answer to the question "so what do we do" is to rethink the design of the office. If the most used function of the office is to meet colleagues for collaboration, meetings and social relations, offices need to be optimized for more common areas and meeting rooms. Approximately ten percent of the respondents in Sodexo's Sifo survey were planning to reduce or had already reduced their office premises, after realizing that many will continue to work completely or partially remotely. But the solution will be a redesign and optimization of the offices rather than reducing the premises. The surface will still be needed, but used differently than in the previous normal.

When it comes to optimizing services and consumables in the offices, there is no uniform template or model to follow. For many companies, this will probably be a process where you over time get to know the new patterns of how employees move and can adapt purchasing and services accordingly



When planning for the hybrid future, take into the account that occupancy in the offices will fluctuate, requiring more adaptable solutions and technology to help us understand patterns, optimize, and deliver service. Flexible solutions for lunches and consumer products, facility management and space will for example be an important step towards a better optimized workplace

We will also see a need for rethought contract models that take flexibility into account. Maybe the lunch restaurants of the office complexes will be replaced by food trucks and pop-up restaurants and the workspaces will be more modular? These are new challenges to tackle for sourcing and procurement managers, which will require more resources and probably new roles to fill in companies.

Tools to help with planning and optimization will be introduced to a greater extent, but there are already a number in place. Two optimization tools used by Sodexo are **Senion at Work** and **WX**. Senion at Work connects employees with building sensors to determine occupancy and letting employees share their work week with others, for example when planning to enter the office and what days they plan to work remotely. It provides a good analysis of the current situation and supports planning and monitoring occupancy. WX is a data-driven tool that through IoT (Internet of things) delivers data that helps us understand employee patterns and needs, making it possible to adapt service deliveries and create a better worklife experience.

Conclusions

It is soon time for managers to decide on employee opportunities to work remotely and to what extent this should happen. Each company's worklife strategy will be put to the test, and hybrid work will a fact for many. We can confidently state that the hybrid model is here to stay and that it entails what many want. But despite the fact that a hybrid worklife is sought-after and enables a flexibility for people we have seldom encountered before, it also brings with it a number of challenges that must be met.

Work that is inclusive of all employees regardless of their needs or where they work from – wholly office-based, distance-based or a mix of the two – becomes very important. This to create a highly functional worklife in an attractive and accessible work environment



and ultimately good results for the company. To create a flourishing corporate culture requires a retake of the culture to create a comprehensive omni culture based on the shared values of employees and company rather than a physical office. Involving employees in culture creation will be key to a successful omni culture in the hybrid worklife.

Making it all work and working towards the above goals will be new challenges for managers and leaders. Here, too, the evaluation and reworking of old working methods is required for it to work just as well, regardless of where your employees work. Investments in both soft and hard tools will be necessary. Skills development, leadership training, focus on mindfulness, and the right technology to bridge the physical and the digital will be central for leaders to be able to meet the challenges. As we showed in the previous report, a worklife strategy based on analysis is an important tool for mapping the needs and goals of the company in a hybrid model.

It is difficult to already now have all the solutions in place for how the offices are to be optimized for a mobile workforce. But flexible solutions for space and consumption are worth considering when planning for a hybrid future.

The road ahead

When summer vacations are over and many return to work, it is likely, if state epidemiologist Tegnell allows it, that we will see a certain frenzy of people returning to the offices. But that does not mean that this will be the new normal. When the joy of meeting their colleagues in person subsides, it is likely that many will long to return to work partially or completely remotely. It may therefore be wise not to conclude the planning for the offices of the future until at least a couple of months have passed. The way forward will look different for different companies, but anyone planning for a hybrid model should start from scratch. In a partly distance-based workplace merely bringing the old into the new, old ways of working and processes, ways to hold meetings, culture that is strongly connected to the workplace or how we previously communicated within the company will be difficult. Running the old and the new in parallel is also not recommended, as it risks weakening the corporate culture, creating divisions and exclusion and making communication more difficult.

What we take with us into the dawn of post-pandemic hybrid work is the understanding that new thinking and innovation about how we work is required. As time and space become less central, bridging working methods that erase their significance as well as flexible solutions will be the lodestars.

