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Quarterly review
N°2 — 2021

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Insights from the Capgemini Research Institute

THE FUTURE OF WORK: FROM REMOTE TO HYBRID

The COVID-19 pandemic led to a major shift for the business world as lockdowns were imposed around the world and organizations were pushed, almost overnight, into an enforced experiment in remote working.

The pandemic has, almost overnight, completely shifted how we think about work and working models. In the short term, organizations have protected their employees and seized the advantages of remote working by adding a virtual layer to their existing operating models. In the report we examined how organizations can sustain these advantages and what changes they need to make to their operating models.

What is hybrid workforce and hybrid working model?

A hybrid workforce is distributed across different locations, from traditional office and factory spaces to remote locations, including within employees' living space, be it a family home or shared apartment.

A hybrid working model is characterized by the flexibility and choices it offers employees, and it can be an innovative way of driving new approaches to agility, collaboration, and ways of working.

To understand the evolution of "remote working" into "hybrid working," we surveyed 500 organizations and 5,000 employees from a range of sectors globally and conducted detailed interviews with academicians and executives. Based on our research, this report examines a range of key questions:

- What do organizations and employees think about the sustainability of remote working models?
- What gains can organizations expect from these models?
- Have organizations effectively managed the shift to remote work?
- What steps should organizations take to effectively implement a hybrid working model and leverage its benefits?

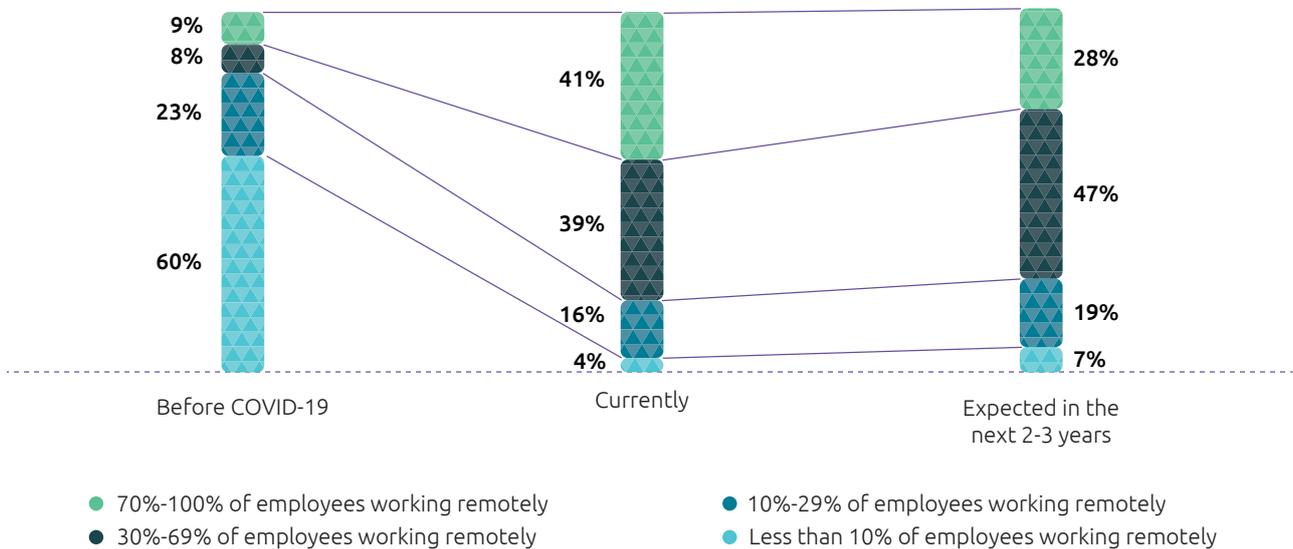
Remote work is here to stay

Organizations and employees both expect remote working models to stay

Widespread remote working has been quickly adopted as the norm by organizations. According to the executives in our study, three-quarters of organizations expect 30% or more of their employees to be working remotely, and over a quarter expect over 70% of staff to work remotely (see Figure 1).

Figure 1: Around three in ten organizations expect more than 70% of their employees working remotely in the next two to three years, up from just one in ten before COVID-19

What proportion of your organization's workforce works remotely?
(% of organizations)



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 executives.

Executives believe that employees across functions will work from remote locations for 2.4 days per week on average in the post-pandemic “new normal.” This is close to a 70% rise from 1.4 days before the pandemic.

At a function level, 61% of employees in both operations and manufacturing functions said that they would be more comfortable with a remote model, despite these two functions traditionally being thought of as a natural fit with on-premises working. This implies that organizations, in order to meet employee expectations, will need to take a nuanced view of each function and understand roles which can be performed outside their premises. Organizations need to establish the “remoteability” of each role to understand which jobs can be transitioned smoothly and which cannot be done from remote locations.

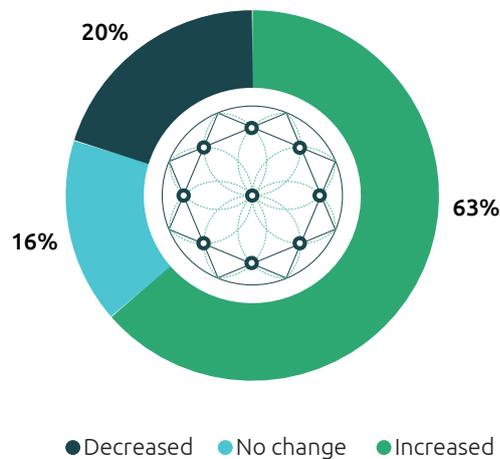
The shift to remote working has boosted productivity and cost savings

Organizations report productivity gains due to remote working and expect them be sustained post pandemic

Our organizational survey across 10 sectors and nine countries indicates that 63% of organizations have reported productivity gains in Q3-2020, due to remote working (see Figure 2). In terms of magnitude, average productivity gains range from 13–24%.

Figure 2: A majority of organizations report increased organizational productivity in Q3-2020 due to the shift to remote work

Percentage of organizations reporting productivity change due to remote working in Q3-2020



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 organizations.

Nearly 70% of organizations believe that the productivity gains of remote working are sustainable beyond the pandemic as well. Companies project an overall productivity rise of 17% in the next two to three years.

A majority of companies say remote working will reduce costs

- In our survey, 92% of organizations expect real-estate cost savings in the next two to three years.
- Operational cost savings are projected in the range of 26% to 44% across sectors over the next two to three years.
- Furthermore, cost of business travel is expected to reduce between 26% to 45% in the next two to three years.

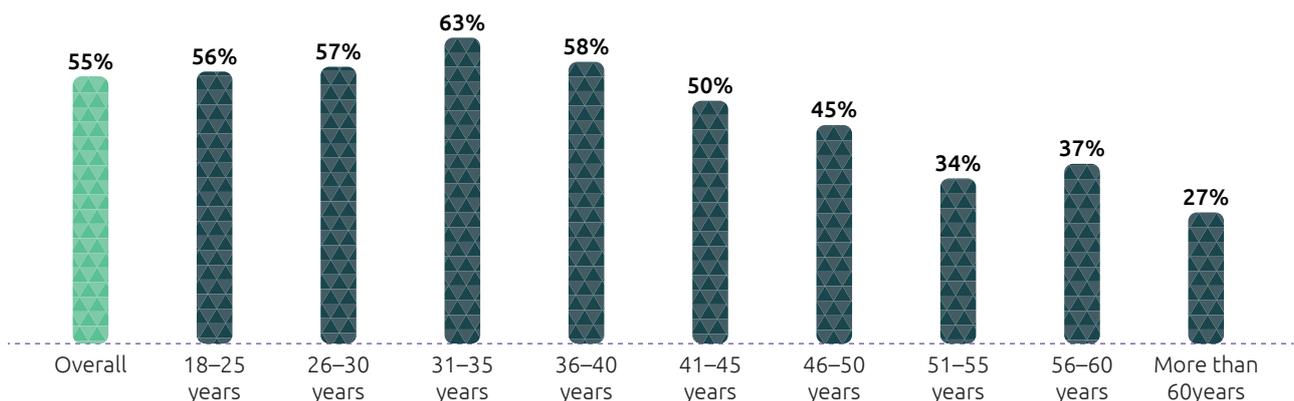
Have organizations effectively managed the shift to remote work?

Remote employee burnout is on the rise

As Figure 3 shows, more than half (55%) of employees feel burned out due to longer working hours in a remote environment. Moreover, 61% of employees aged 31–40 say that they feel burned out due to longer working hours in remote work.

Figure 3: Employees in the 31-40 age group feel more burned out in a remote environment

I feel burned out due to longer hours in a remote setup



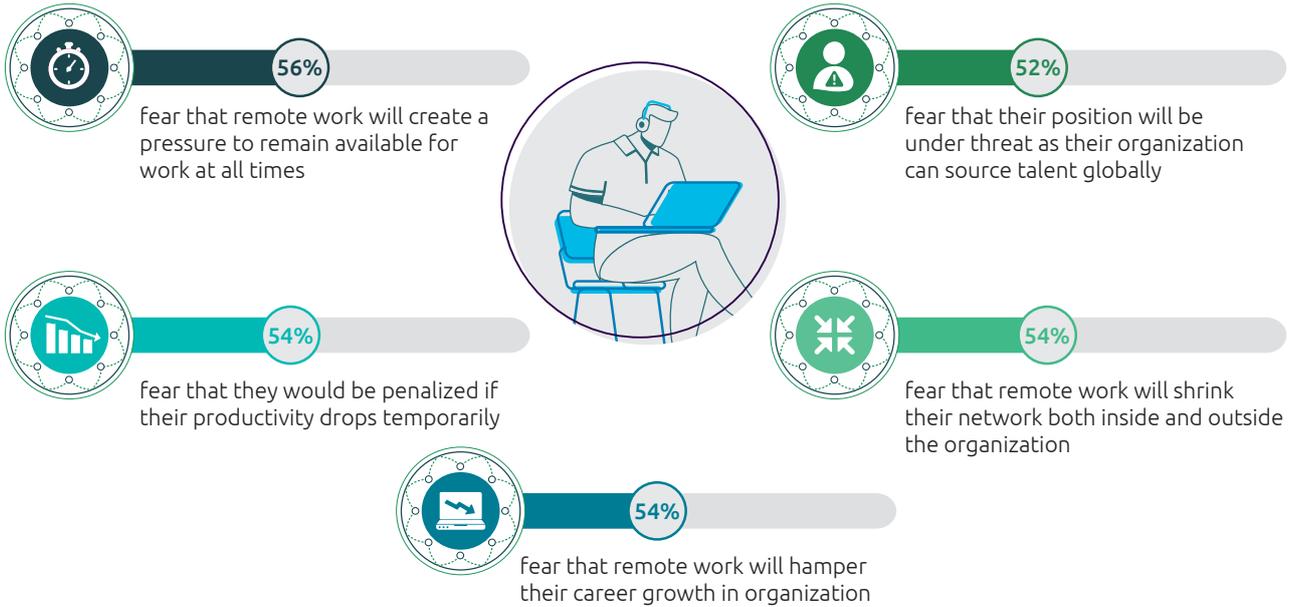
Source: Caggemini Research Institute, Remote workforce survey, September–October 2020, N=5,016 employees.

Employees are anxious about sustained remote work

Our survey also shows that employees feel significant apprehension about long-term remote work, which impacts their engagement, satisfaction and productivity (see Figure 4). For example, 56% fear the stresses and demands of being “always on.”

Figure 4: Constant pressure to be available at all times, and adverse impact on career growth and network are some of the fears employees have about remote work

Employee fears about remote working



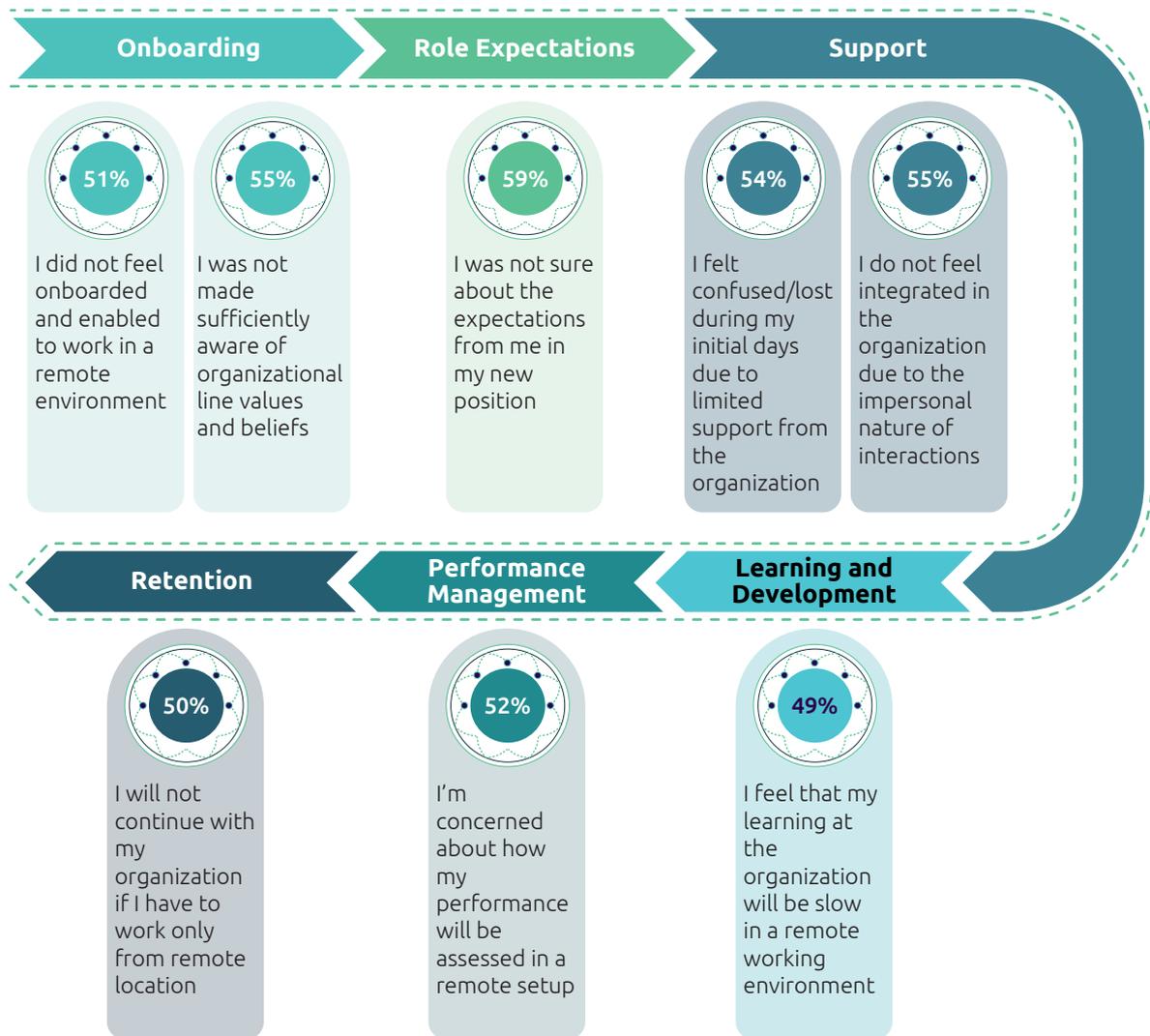
Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=5,016 employees.

A feeling of disconnection is also a significant issue. For example, 56% feel disconnected from their organization due to remote working.

Half of new joiners would quit if remote working were the only option

In our employee survey, we tried to understand the experience of remote working in a new organization during the pandemic among new joiners. As Figure 5 shows, we found significant issues. For example, 50% of these new joiners say that they would not continue with the organization if they had to work only from a remote location.

Figure 5: New joiners feel lost and not integrated with the team in a remote setup



Source: Capgemini Research Institute, Remote workforce survey, September-October 2020, N=500 organizations, N=327 new joiners.

Beyond remote: Recommendations for shifting to a hybrid workforce future

The fully remote model that we have seen in recent months has delivered mixed results. It means that organizations will need to find the right operating model for a hybrid approach. This is not the same as imposing a virtual layer over the existing organization. Before leaders settle on one operating model, they need to test and iterate to determine the right fit for various functions. Leading organizations will create a prototype of a virtual organization, a minimum viable organization (MVO), where core components and characteristics of the future organizational model for each function are tested and optimized under real conditions.

Below we recommend a few considerations to establish the right operating model in a hybrid working world:

Figure 6: Key recommendations for a new hybrid working paradigm



Source: Capgemini Research Institute Analysis

For details on the research methodology and to read the full report, please visit: <https://www.capgemini.com/research/the-future-of-work/>

