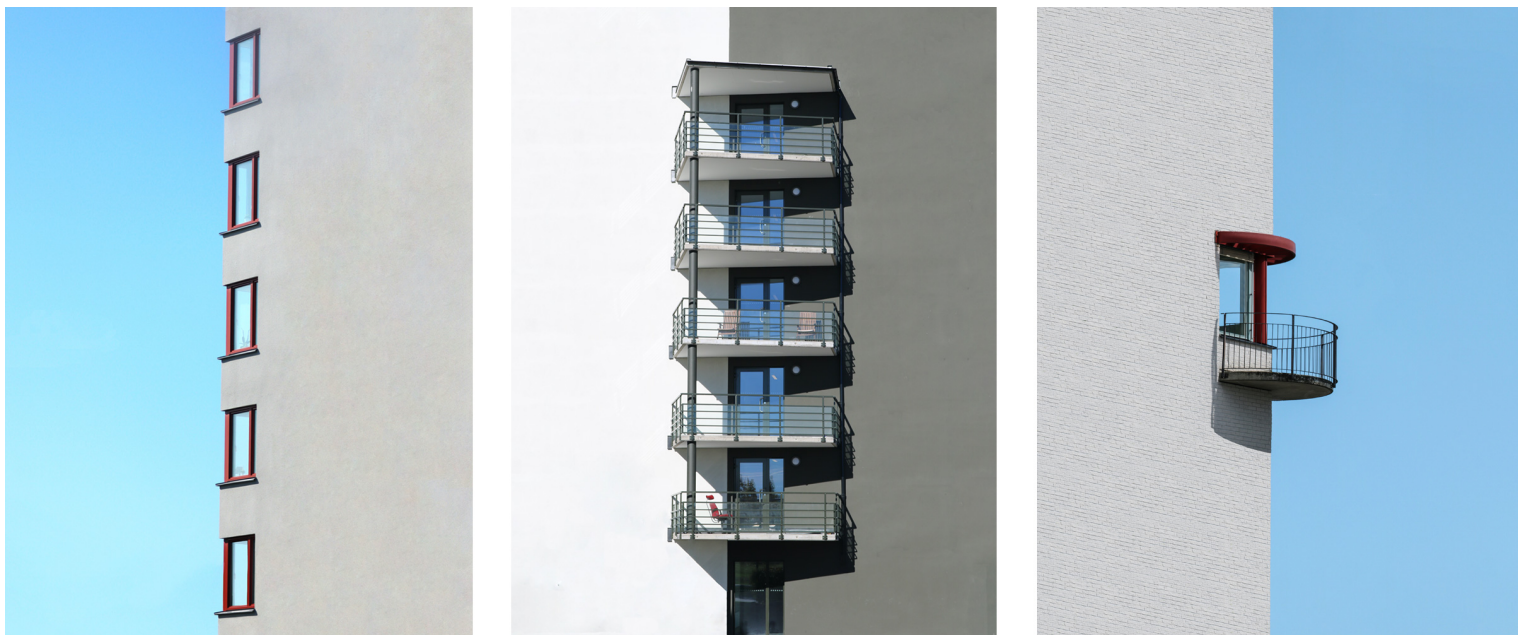# THE IMPLICATIONS OF WORKING WITHOUT AN OFFICE

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Photography by Marcus Cederberg

In early 2020, the world began what is undoubtedly the largest work-from-home experiment in history. Now, as countries reopen but Covid-19 remains a major threat, organizations are wrestling with whether and how to have workers return to their offices. Business leaders need to be able to answer a number of questions to make these decisions. Primary among them is "What impact has working from home had on productivity and creativity?"

To help answer that question, we decided to explore how employees have fared since they began working virtually. To that end, we started surveying a diverse group of more than 600 U.S.-based white-collar employees during the second half of March and have continued to do so every two weeks since then. (This article is based on results collected through May.) Approximately half of our respondents are women, and half are men; they hail from 43 states; nearly half are married;

and more than a third have children. About 40% hold management positions. We have been asking them about their job satisfaction, work engagement, perceptions of their own performance, conflicts with colleagues, stress, negative emotions, and current living situation, among other questions. (A fuller description of the survey's participants is at the end of this article.)

In addition to the survey answers, participants provided written comments. Further, we collected data on the automatically tracked interactions (based on email and calendars) between a separate group of employees of selected organizations from both before and after they began working from home. (While that project is continuing, the interactions we examined for this article began a year before employees began working remotely and ended two months into the lockdown.) Finally, we validated our initial findings through interviews with senior leaders of other organizations who, at the request of their organizations or clients, were investigating the impact of working from home on productivity and creativity.

This information has limitations. Much of it shows results for only a relatively short period of time, and we do not have survey data from before the pandemic, which would have provided us with a better baseline. Still, our research results point to some surprising initial findings.

THE UPSIDES

At the outset, many leaders of organizations we interviewed or who were quoted in the media anticipated that employee performance would significantly deteriorate. But the survey results indicate that workers adjusted to working virtually more quickly than the leaders had feared they would; in many cases, workers felt that they were just as productive as before. As one employee simply put it in a comment, "I'm able to get everything accomplished just like before, and I think everyone else is finding they can too."

This was a surprise. Given that numerous studies conducted over the years had found that productivity almost always drops following any large-scale change, we would have predicted that the same would have happened this time around. The fact that many employees believe they have successfully navigated this big of a shift in the midst of a pandemic with no productivity loss is remarkable.

Of course, the abrupt switch to remote work wasn't without growing pains: Job satisfaction and engagement fell sharply after two weeks of working virtually. But they recovered sharply by the end of the second month. "It took some time to get used to it and for things to go right. It was a learning process," one employee explained. Another called it "getting into a rhythm."

In part, this involved organizations finding the right balance between meeting and work time: "We

have been having virtual meetings and having them more frequently than usual to generate a feeling of company and unity, which has been cutting into the time … [for] my actual work that needs to be done," one worker reported after one month of all-virtual work. But it also involved increasing comfort levels, discovering new best practices for communicating ("taking our Zoom skills to the next level"), and figuring out how to manage the work-life balance in the new environment ("turning off work [outside of] working hours").

The last challenge — turning off work at home — has proved especially tough. An examination of data by Humanyze from email, chat, and calendar systems across a global technology company supports our survey results. It revealed that the workday significantly increased at the beginning of all-virtual work: In the weeks immediately after the lockdown began, only half of employees were able to maintain a 10-hour workday or less, whereas nearly 80% had been able to do so previously. These patterns have started to trend back to pre-lockdown levels, although the workdays are still 10% to 20% longer on average.

Since all-virtual work began, employee stress, negative emotions, and task-related conflict have all been steadily falling; each is down at least 10%. At the same time, employees have experienced an approximately 10% improvement in self-efficacy and their capacity to pay attention to their work. A couple of months in, employees reported that they were "falling into a consistent routine," "forming a pattern [of work time and breaks] with my coworkers," and "learning what makes me the most productive and how I can best manage my time and energy." One employee even noted, "I think it's weird how normal everything has become — the virtual meetings, the emails, everyone looking grungy." Another stated that it just became "business as usual."

Comments made by everyone from frontline employees to CEOs revealed a slew of perceived benefits from working from home. One CEO told us he "hoped this put an end to the 'fly across the country for a one-hour meeting' expectation forever." Others reported that they had "more focus time," "shorter meetings," and "more flexible time with family" — and, most commonly, were "not missing the daily commute." By the eighth week, many employees reported getting "into the groove of working from home" and "wanting to continue" working virtually. Several even said, "I love it."

The survey results above are averages across populations of employees. There are notable differences between groups. One concerns personality traits. Experts have assumed, quite logically, that the key personality dimensions that would predict whether individuals could work from home successfully would be conscientiousness and introversion. Yet we found that the most meaningful personality trait in explaining whether employees adapted better (in terms of the measures above, from satisfaction to stress) was a high level of *agreeableness* — a trait often

associated with an individual's proclivity toward maintaining positive relationships, feeling others' emotions, sympathizing with others' feelings, and being interested in others and their challenges. This disposition, it would seem, made a person better able to adapt as a collaborator and colleague when they switched from working in an office to virtual work. Conversely, those who were highly neurotic — people who tended to exhibit higher levels of conscientiousness and self-awareness but who also, when under stress, tended to suffer anxiety, worry, and fear — had the most trouble adapting to all-virtual work.

Household circumstances mattered too: Over time, those with spouses seemed to be able to better manage stress stemming from working virtually — perhaps because they had someone with whom they could split household responsibilities. Those with children, however, who often also had added childcare and educational responsibilities as schools and daycares closed, fared worse.

In short, most white-collar employees we studied made the transition to virtual work well; in fact, many are beginning to enjoy it — despite challenges such as trying to work and take care of children at the same time. (Though it's not yet clear in many communities when schools, daycare centers, and summer camps will open and how many children they will accommodate when they do, presumably once they have returned to normal, parents' satisfaction with working from home will increase.) It also seems to be satisfying the needs of businesses. While much more research will be needed to confirm what we found, these initial results suggest that a combination of impressive human ingenuity, leadership, and organizational support during the pandemic have made virtual work a success.

WHY A SUCCESS *THIS* TIME?

History is littered with failed work-from-home experiments (like those described in Jerry Useem's 2017 article in The Atlantic). Why do employees seem to be adjusting better now? We observed two key distinctions that have made all the difference: This time, everyone in an organization had to do it, and they collectively strived to figure out how to overcome the challenges.

Before the pandemic, working from home was often viewed as a choice and had to stack up to working in the office. As Bob Moesta, CEO and founder of the innovation consulting firm Re-Wired Group, put it, "Virtual before had to be as good as the office. You couldn't have a kid walking in the background, because the reference point was being in the office where that would never happen."

A study of virtual workers conducted by Caroline Bartel of the University of Texas at Austin, Yale's Amy Wrzesniewski, and New York University's Batia Wiesenfeld that was published in 2011 found that when only some employees are virtual, those who are — regardless of their tenure — tend to

feel left out and less respected, and identify with the organization less, than those who perform their jobs in the office. But this time around, virtual workers are no longer the odd ones out. Members of teams and organizations have had to come together to form new norms, create a common language, and build a new culture.

WHAT WE COULD LOSE

Why, then, not stay virtual — or at least join the ranks of tech companies such as Twitter, Square, and Facebook, which have announced that they are making working from home a permanent option? After all, once the added stresses of this pandemic lessen (e.g., when children can return to school or daycare), imagine the possibilities.

One key reason to think twice before going down that path is the loss of unplanned interactions that lead to important outcomes. Physical offices cause people who don't normally work with each other to connect accidentally — bumping into each other in the hallway or the cafeteria — and that interaction sparks new ideas. Steve Jobs thought such serendipity was so important that he specifically designed the building for Pixar Animation Studios, in Emeryville, California, to maximize such interactions. In our analysis of the amount of digital interaction at a different technology company, we found that, after the lockdown, employees increased their communication with close collaborators by 40% but at a cost of 10% less communication with other colleagues.

There also tends to be less schmoozing and small talk among virtual workers, which Michael Morris of Stanford and Columbia and Janice Nadler, Terri Kurtzberg, and Leigh Thompson of Northwestern have shown leads to lower levels of trust. The decline in such spontaneous communications and trust can have a big negative impact on innovation and collaboration.

Finally, virtual work could undermine three other activities that are critical to long-term organizational health:

Onboarding new employees. As London Business School's Dan Cable, Harvard's Francesca Gino, and the University of North Carolina's Bradley Staats have shown in their research, great onboarding involves two sets of activities: exposing new employees to "how things are done around here" by indoctrinating them into the company's vision, history, processes, and culture; and allowing them to apply their signature strengths and express their genuine selves. The first set of activities seems to have been replicated relatively easily in virtual contexts — in place of having new hires sit in a room together to hear a senior leader speak or watch a video, they simply do that asynchronously or over Zoom. But the second is much harder to achieve virtually since the activities typically require numerous in-depth interactions and existing employees are

accustomed to having those in person.

Creating "weak ties." This refers to shallow or peripheral relationships among members of an organization who don't work closely with each other but have nonetheless connected over time. By providing novel information and complementary expertise, weak ties have been shown to play an important role in organizational performance, including innovation, raising or maintaining product and service quality, and attaining project milestones. Yet they are difficult to create virtually. Ryan Smith, the CEO and cofounder of Qualtrics, an experience management software company owned by SAP, believes that "what brought many of our employees to us is this idea that we could all bump into each other in these really cool environments. If you take that away and now just have employees working on an application in the cloud via a bunch of Zoom meetings and document exchanges, you've carved out a big piece of the core of most organizations."

Fostering relationships. Virtual work makes it difficult, if not impossible, for leaders to observe and foster the creation of relationships among their pools of talent that are likely to produce benefits for the organization in the future. With everyone working from home, companies are finding more-limited value in rotational programs, cohort-based training programs, or even cross-functional staffing assignments. While Smith believes that "there's never been more pressure on frontline managers" to develop productive relationships within and across teams, managing by walking around does not translate into managing by emailing around (as Ethan Burris, a McCombs School of Business professor, put it), at least not yet. People are still getting the work done, but the long-term relationships that once sprang from such shared experiences are undoubtedly at risk.

THE WORST OF BOTH WORLDS?

All these considerations put organizations in a pickle. Many that want all their workers to return to their offices but can't do it safely are considering hybrid work environments — a combination of virtual and office-based work. This approach, however, threatens to produce the worst, rather than the best, of both worlds. Many of the benefits of having *everyone* work virtually may be lost if companies send some employees back to the office.

That's especially true given the ways in which offices and workforces are being reconfigured to minimize the spread of Covid-19 infections: mandatory wearing of masks, limits to how many people are in the office at any one time, shuttered pantries and meeting rooms, the physical separation of workstations, and so on. Given how awkward and uncomfortable it is to wear a mask for a prolonged period, conversations and meetings end up being shorter. This requirement and the other measures will also unavoidably inhibit informal face-to-face communication — the main reason for sending employees back to the office. It has also become clear that employees prefer not to work in these "clean" environments: Several organizational leaders have shared with us

that, in surveys of their employees, 70% or more workers consistently said they would rather continue to work from home than go into reconfigured offices and be required to wear masks.

In the short run, many organizations may benefit from keeping their offices closed and investing in novel ways to address the shortcomings of all-virtual work. Just because we haven't found effective ways to virtually onboard employees, create weak ties, and orchestrate relationships for talent development doesn't mean we can't. At Qualtrics, Smith said, "what we did in the first two months isn't working now — you can only hold so many Zoom happy hours before people want something new. So we're constantly challenging our team members to come up with creative, safe, new ideas for a little bit of engaging social interaction." Because the pandemic is affecting regions differently, activities at Qualtrics's locations vary too — from novel forms of virtual celebrations to drive-through food trucks to virtual guest lectures by CEOs of customer companies. And when Qualtrics staffs cross-functional projects today, said Mike Maughan, the company's head of global insights and strategic initiatives, it prioritizes the formation and development of new relationships outside of one's team and established relationships (and even one's geography).

Liz Burow, the vice president of workplace strategy at WeWork, the provider of office spaces that companies share, believes that an important step to accelerate these efforts could be hiring a "head of remote work" who focuses on helping workers improve their virtual productivity. One company that has one is the San Francisco–based GitLab, a software development platform provider whose workforce of more than 1,300 members operates virtually.

Smith of Qualtrics believes that his company cannot treat the current pandemic-induced work situation as a temporary aberration. "We have gone through a one-way door. We can't go back, in part because some organizations have offered to let their people work remotely permanently," he said. "They've already set the terms for what the future is going to be and when organizations are competing for talent, we'll all be competing against that." While there has not been a playbook that companies can follow, it is starting to get written now.

WORK AFTER THE PANDEMIC

In the comments they provided, many of the people we surveyed expressed their hope to be able to continue to work largely from home after the pandemic is over. But more broadly, most organizational leaders have found in their own employee surveys that a majority of workers would like to spend *some* time in the office once things return to what they were: no masks, open meeting rooms and pantries, people close enough to each other to talk without yelling, group gatherings, and serendipitous encounters. A number of organizations — including those that plan to allow all or much more of their staff to work remotely forever — are already taking steps to

prepare for that day in four ways.

First, they are conceptualizing office space as an add-on to virtual work, as opposed to the default for where people work. This is permitting them not only to substantially reduce their real estate footprint (and cost) but also to refocus the purpose of physical spaces on what they uniquely offer: the ability to create weak ties and serendipitous conversations.

Second, they are requiring their leaders to substantially increase investments in communication to provide more clarity for employees, removing the ambiguity that can cause people to spin their wheels. This is important when employees work in offices, but it is even more essential (and the absence of it even more harmful) in virtual or hybrid work environments, where not everyone is physically co-present and few or no hallway conversations occur. Tactically, that means leaders must set aside a larger percentage of the day for what Harvard Business School's Tsedal Neeley and Paul Leonardi of the University of California, Santa Barbara, call "redundant communications." As Heather Brunner, CEO of WP Engine, put it, "You must invest in clarity and become a chief repetition officer. Don't stop until everyone can repeat exactly what you are doing, why you are doing it, and what success looks like."

Third, they are recognizing that proportions and fairness matter. A decade ago, Georgetown University's Michael O'Leary and INSEAD's Mark Mortensen found that teams with isolated members (i.e., one person per location) or an equivalent number of members in each location (e.g., two in one office and two in another) reported better scores on coordination and identification within the team. But if some team members were colocated and others were not (as would likely be true in hybrid environments), team dynamics suffered, which presumably hurt performance. Similarly, if hybrid work environments create two tiers of employees (e.g., those who are in the office and those who are not, or those who have the ability to informally interact with senior leaders and those who do not), virtual employees risk becoming a "lower class." Paying workers differently depending on the cost of living for the communities where employees choose to live — like Facebook intends to do — runs the same risk.

Fourth, they are helping employees "build both work-from-home and work-from-office muscles" and "share the realities — the advantages and disadvantages — of each," explained Gale King, executive vice president and chief administrative officer of the Nationwide insurance company. In practice, this means that, even in organizations in which employees are already being invited back to the office full-time, some are still being asked to continue working virtually at least some of the time too. Continuing to exercise both muscles will help organizations adapt their human capital systems, like performance management and compensation, to the realities of employees who work from very different contexts. But, more importantly, it will allow organizations to use this

unique time period to conduct experiments to find out what works best for them and leave them better positioned — not just in terms of real estate cost per employee but also in terms of employee performance — for whatever the future of work brings next.

The pandemic has proved how true the adage "Necessity is the mother of invention" is. In April and May, numerous leaders (particularly of real estate companies) declared that we must "get people back to work." But the reality is that people *have been* working quite successfully, from home. We propose that organizations can and should build on their success thus far. When canvassed by Fortune in the last two weeks of April, a quarter of the Fortune 500 CEOs who responded said they expected 90% of their workforces to have returned to their usual workplaces by September 2020, and another half anticipated that happening by January 2022. But if organizations can continue to improve the effectiveness of virtual work and solve the problems of both virtual and hybrid work, the quarter of the CEOs who answered "never" may turn out to be the most sagacious.

METHODOLOGY

We began surveying 680 U.S.-based white-collar employees via Amazon Mechanical Turk about their experiences starting in the second half of March and have continued to do so every two weeks. This article depends on data collected through May and comments the participants provided. Forty-eight percent of those surveyed are female and 52% are male. They have an average household size of 2.89 people, 49% of them are married, and 38% have children. They work in a variety of functions in an array of industries at organizations that range from small businesses to large corporations; about 40% hold management positions. They have been employed by their organizations, on average, for 6.7 years. | **THE BIG IDEA**

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