

HAWORTH

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Workplace Study

UNDERSTANDING + NAVIGATING HYBRID WORK

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Understanding the New Normal

After being upended by a global pandemic, the world has slowly returned to a sense of normalcy. Restaurants are bustling, airports are as busy as ever, and large gatherings with friends are common once again. However, one major element of our lives has remained in a state of complexity and uncertainty: determining the best place to do our work.

Throughout North America we have been hearing questions tinged with concern from those in charge of the workplace: How do we optimize employee engagement and productivity when employees work from multiple locations? How do we build a space that draws people in, attracts and retains talent, while supporting the key functions of in-person work?

Lastly, workplace leaders worry about whether they are making the best decisions in their approaches to hybrid work – the flexibility organizations give their employees to work across an eco-system of in-office, home, and third places – and if hybrid is here to stay long term. In response to these pressing questions, The Workplace Research and Insights and Workplace Strategy teams at Haworth set out to develop a comprehensive, evidence-based understanding of the state of the workplace and hybrid work throughout the U.S. and Canada. To achieve this goal, we took a two-step approach.

1 **First, we created a survey to understand the status of hybrid work for organizations throughout North America.** We asked for responses from workplace experts who have a pulse on their organization's hybrid-related policies and workspaces. We investigated how many organizations have hybrid work policies, what their hybrid policies are, how well they feel those policies are working (or not!), and how they are changing their workspaces to better accommodate hybrid work. Additionally, we were curious about how organizations define the new purpose of their office spaces as they aim to better support hybrid work for their employees.

2 **Second, we traveled to six markets across the U.S. and Canada** – Seattle, Dallas, Minneapolis, Washington, DC, Philadelphia, and Montreal -- to speak face-to-face with architecture and design firms about how hybrid work is impacting their markets, their perspectives on hybrid work and how they seek to create functional and desirable workspaces. Combined, our survey and in-market engagements led us to connect with over 250 organizations and individuals embedded in the world of corporate real estate, giving us rich quantitative and qualitative data and a clearer sense of the state of work.

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The State of Hybrid Work

Beginning with our survey, we received responses from 156 unique organizations across 18 industries including healthcare, finance, manufacturing, and others. We selected diverse organizations in terms of complexity (number of working locations), size (number of employees), and location. For our in-market digs, we met with 95 representatives from various A&D firms across the six markets, aiming to ensure a variety of experiences from our different sources.



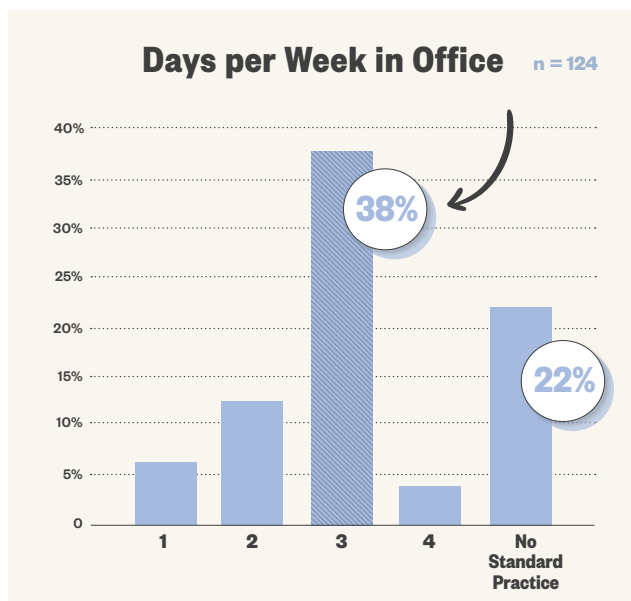
Based on our in-market conversations, we heard about many reasons that employees and their organizations care about having flexible work arrangements. One reason is that employees feel they can do portions of their work at home, particularly individual focus work. In many cases, people feel they are more effective

and more productive doing focus work at home. Many employees also prefer the work-life balance hybrid work affords them. Reduced time commuting and being able to handle issues at home as they arise give people more freedom and control over their personal lives. In some markets, safety and crime remain concerns in downtown areas. This means affordable public transit options no longer always feel safe, or working from home simply feels better. Another major factor is the amount of money some people save while working hybrid on expenses like child-care, fuel for their commutes or meals during the workday.

With an understanding of the value hybrid brings to employees, we used our survey to first ask about the prevalence of hybrid work. We also wanted more detail about policies across organizations and the decision making related to hybrid implementation.

Our survey data shows approximately 79% of organizations have hybrid work policies

with a further 8% of organizations considering adopting hybrid work in the future. Among those with a hybrid policy, 38% of organizations averaged 3 days per week in the office, with 'no standard practice' as the second most frequent answer at 22%.



Hybrid Work Drivers

We then investigated the primary drivers for organizations to adopt hybrid policies. Both our survey data and in-market discussions found the key motivators for adopting hybrid work were related to human performance, rather than facility performance. The top motivating factors from the survey were employee attraction and experience. Cost savings and real estate considerations were rated low as motivators. Through our in-market discussions, we again heard the importance of hybrid policies in retaining employees and improving their job satisfaction, particularly in tight labor markets like Montreal and Washington DC. Together, this means most organizations have hybrid policies to attract and keep talent, and to engage their employees more fully.



Next, we learned that hybrid policies are driven by leadership, rather than at the departmental or employee level. For example, our survey found 73% of hybrid policies are determined at the executive or organizational level. Additionally, 58% of organizations require formal pre-approval from managers or leadership before employees can work remote days, as opposed to employees making the decision ad-hoc.

Regarding fluidity and recency of hybrid policies, we found that organizations are updating their policies over time: 56% of organizations had different hybrid policies before their current one, and 52% of organizations' current policies were implemented after January 2022. We inquired whether organizations were overall satisfied with their current hybrid policies and found 69% of organizations were satisfied, while only 9% were dissatisfied. We then asked what metrics organizations are using to determine success and the top three responses were employee engagement scores, productivity measures, and employee retention rates.

Like the motivating factors, success hinges on human-focused, rather than facility-focused, outcomes.

Purpose of the Office

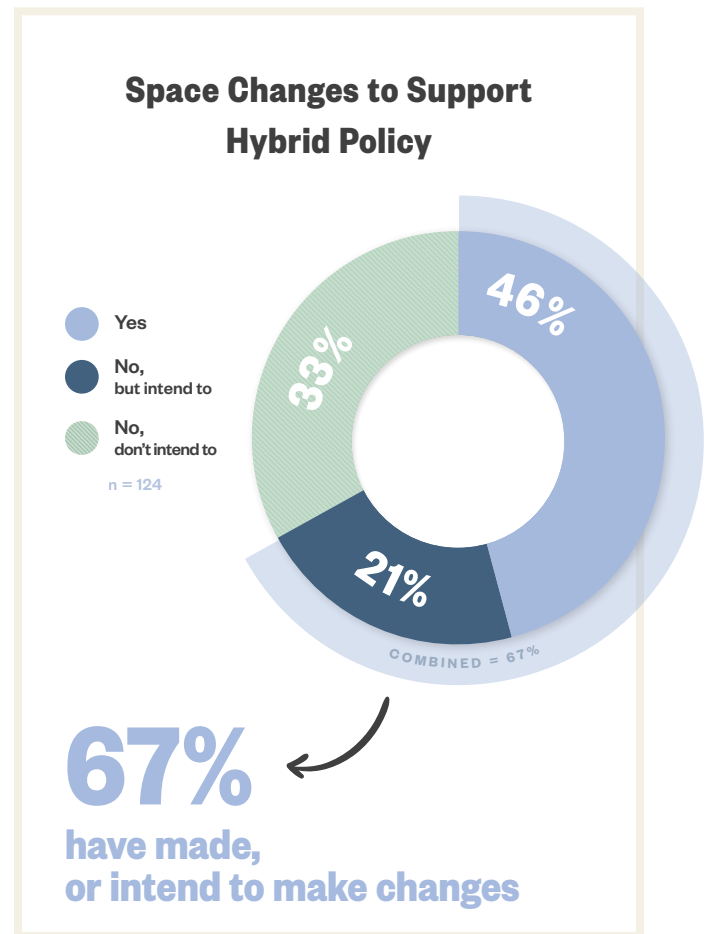
Before digging into workspace changes, we sought to understand how organizations view the changing purpose of the office itself. From our conversations in the market, we heard leadership needs to communicate to employees the value of being in the office for both individuals and the greater group. The value of being in the office is unique for each organization however. From both our survey and our in-market learnings, we learned that collaborative work is the driving force behind why organizations want to bring people back into the office. Similarly, people expect to come into the office to build connections and collaborate effectively. However, this is not at the expense of focus work;

The workplace needs to offer a balance between focus, intentional collaboration, and social connection to provide an outstanding experience.

Changing Spaces for Hybrid Work

Hybrid work is changing the physical spaces in which work occurs. Unfortunately, as we heard across North America, there is no quick fix or one-size-fits-all solution for space changes to facilitate hybrid work. The physical work environment is personal to each organization and their goals, so hybrid policymakers must clearly define the space's intention for its employees. To do so, decision makers need to be introspective and take the time to listen to their employees to best support hybrid work.

We saw some contrast between the survey and our in-market digs regarding the frequency of space changes. In the market digs, we heard repeatedly across North America that there was a widespread sense of anxiety and uncertainty about making space changes. Decision makers wonder – are they investing in the right areas and making changes that are beneficial, even if there isn't a large uptick in in-person work attendance? Other organizations feel overwhelmed by incomplete data and a lack of clear direction to follow. In this sense, there is a sort of "analysis paralysis" about space changes that organizations need to be led through.



However, our survey data shows that many organizations have pursued workspace changes already, signaling that some are taking steps to vet successful hybrid policies. From our survey we found 46% of organizations with hybrid policies have already made changes to their workspaces to support hybrid work, with a further 21% intending to make changes in the future. Relatedly, a different 46% of organizations with hybrid policies have budgeted specifically to make changes to their spaces. Significant efforts and resources are being directed toward space changes under many hybrid policies. We also compared the satisfaction rates with hybrid work between organizations who have made space changes and those who have not. There was a statistically significant difference, as we found organizations who have made space changes are much more satisfied on average: 79% who made changes are satisfied with hybrid compared to 61% for those who have not made changes.

79% who made changes are satisfied with hybrid

What's Working (or Not) for Hybrid

Next, we wanted to know what organizations believe is working and not working in their spaces in support of hybrid work. Virtual collaboration technology and the variety of individual and group spaces were generally viewed as elements working well for organizations. The importance of virtual collaboration technologies was confirmed through our engagements out in the market, where we heard about how digital technologies are key to bridging gaps caused by hybrid work. For example, the ability to connect with coworkers without regard for physical distance is a necessity for organizations with hybrid policies.

That's not to say there are no drawbacks to virtual collaborative tools. We heard that relying on technology could slow creative processes and create an unwelcome sense of distance between team members. Additionally, when organizations' technology tools don't function properly, it can also disrupt effective workflows.

One factor stood out as not working for organizations with hybrid work: the age-old issue of acoustical privacy.

A full 48% of organizations stated that acoustic distractions were an issue for their current work environments.

We heard about acoustical issues in every market, aligning closely with our quantitative data. In Washington, DC for instance, we heard that it feels like employees have lost their sense of appropriate etiquette due to working from home generally by themselves. One commonly repeated issue was people taking video calls out in the open, causing significant distractions. This may be the reason a lack of enclosed spaces is listed as a workspace element that is not working. Another recurring comment that stuck out was the perception that employees have a reduced

Employees have lost their sense of appropriate etiquette due to working from home generally by themselves.

tolerance for distractions. As people have spent more time working in the privacy of their homes, they are out of practice at tuning out common distractions at the office.

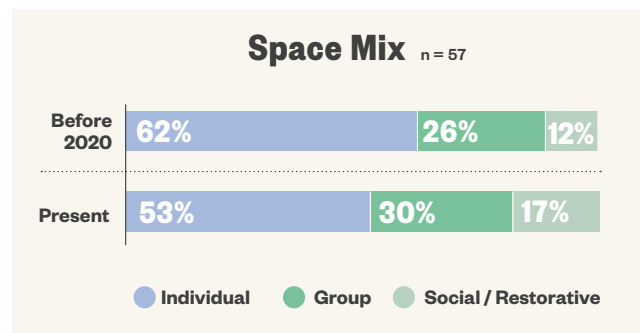
Floorplan Changes

We also sought to understand how organizations are making changes to their spaces because of their hybrid policies. We asked how their floorplans have changed and a few answers stood out. First, 44% said they increased density in their spaces.

One market representative described the efforts as “a delicate balance – creating a buzz but not creating a distraction.”

Employees working closely together are more likely to generate an attractive energy in the workplace. Furthermore, 44% said there is more neighborhood planning, and 47% said there is more planning for activity-based work. This shows that floorplans are being adapted to better support the variety of individual and group activities in the office.

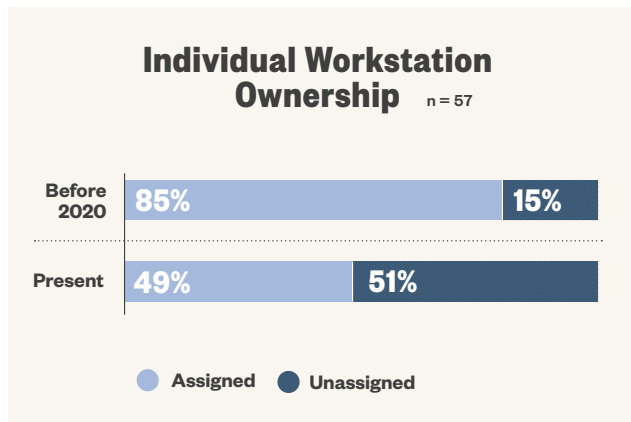
Next, we asked how the distribution between individual, group, and social/restorative spaces has changed over time. There was a noticeable difference between 2020 the present.



The 42% relative increase (12% to 17%) in social / restorative spaces indicates companies are responding to hybrid work demands.

Another change from 2020 is the ratio of assigned to unassigned individual workstations. This was the single largest change we saw from our survey data.

There is a major shift in organizations providing assigned workstations for employees who work remotely.



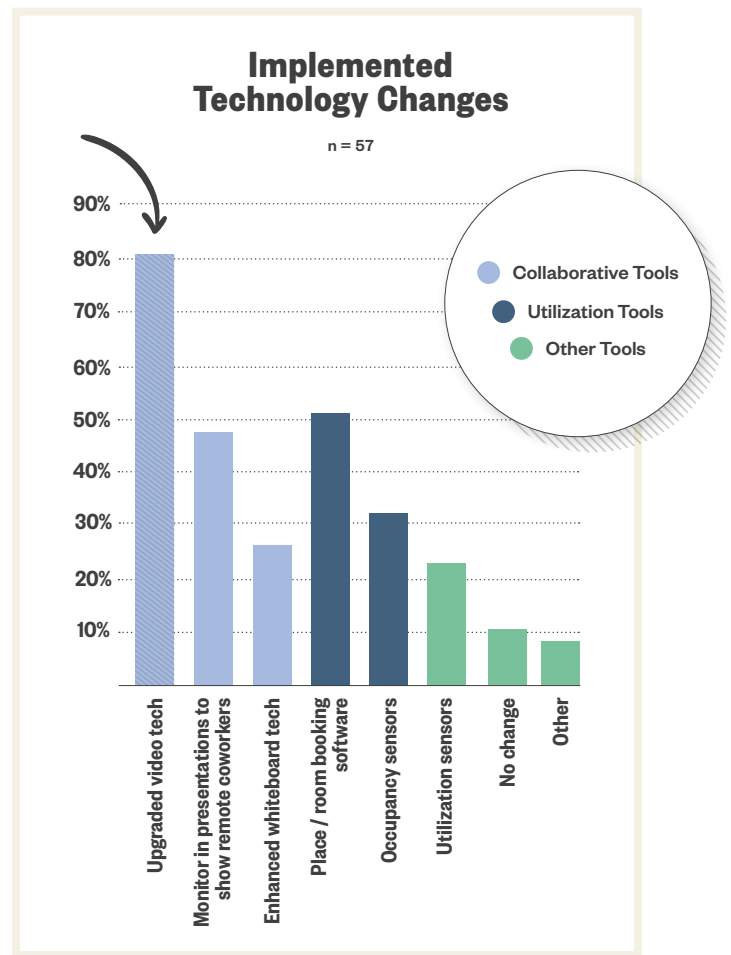
Besides the ratio of space types, we wanted to understand the nature of changes to individual, collaborative, and social/restorative spaces. To understand this, we asked about each in terms of quantity, size, and whether the overall design has changed. For individual spaces, there was an increase in unassigned desks only, and roughly half of respondents said there was design shift within these spaces.

Among collaborative spaces, there was an increase in enclosed conference spaces, with new designs being considered for both open and enclosed group areas.

In social spaces, there was an increase in communal and outdoor spaces, again with about half saying there was a design change. Finally, there was no noticeable shift in the relative size of any of these spaces compared to before.

Integrating Technology into Space

Lastly, with the increasing importance of technology in collaboration and the hybrid work environment, we wanted to know how organizations were changing their technologies to support hybrid work. As expected, we saw collaborative technologies adopted at high rates, with 81% of organizations upgrading their video meeting technology, 47% building in monitors for remote presentations, and 26% pursuing smart whiteboard tech. Utilization technologies were also being used by some organizations, though only room booking software at 51% is being used by a majority. Additionally, occupancy sensors are being used by 32%, while utilization sensors are used by 23%. Altogether, this highlights the importance of new technologies and integrating them into the workplace to support unassigned work and group workspaces.



81% of organizations upgraded video tech

Conclusions

1 “Hybrid” is the New Normal

Hybrid is prevalent and is likely here to stay. As we noted, 79% of organizations already have a hybrid policy in place; it's becoming increasingly unviable for many companies to forgo hybrid work.

2 Focus on Human Performance

Employees are demanding hybrid. Organizations are pursuing it to improve engagement while attracting and retaining talent. This shows human performance is the main driver of hybrid work, rather than facility costs.

3 There's Still Uncertainty

Organizations are feeling general uncertainty, even if most are pursuing hybrid policies. Organizations and their employees are in a state of experimentation and are piloting spaces to figure out the best path forward. Despite the ambiguity of what will work, many organizations are acting now and making space changes. Given there is a higher satisfaction rate for organizations who have made space changes (79%) compared to those who have not (61%), upgrading the workspace in support of hybrid policies can clearly be a solution.

4 Acoustics Matter

Social connection is a primary function of the hybrid workplace, but providing the ability to have acoustic privacy is equally vital. Distractions allowed by poor acoustics are still a major problem, particularly as the office gets noisier due to the increased collaboration between in-person and remote workers.

5 Tech Can Make or Break Hybrid

Technology is significantly impacting hybrid work. Organizations are more reliant than ever on virtual technologies for collaboration and connection, so many have upgraded their technology accordingly. Organizations have also integrated utilization/occupancy tools into their spaces, such as room booking and occupancy software. Incorporating the best technology into spaces well-designed for these interactions is imperative to supporting hybrid work – but as we heard from the markets, technology use should be balanced with in-person collaboration to optimize creative processes.

6 Location Has an Impact

Finally, we learned that each organization's hybrid policy will be different based on the sociocultural factors surrounding them. Across markets we saw variability in sentiments toward hybrid policies, the expenses of going into work, and feelings of safety within city centers. Regions with tight labor markets add pressure to organizations to accommodate hybrid work. Organizations interested in supporting hybrid should thus consider obtaining a pulse of the local market, with the goal of learning what employees in each area most value and expect.

*Upgrading
the workspace
in support of
hybrid policies
improves
satisfaction*

Parting Thoughts

At Haworth, as hybrid work proves its durability in workplace cultures, we will continue learning about the state of hybrid. We are committed to uncovering the best practices for supporting hybrid work within the office through policy and space. Our next steps are to parse our data for trends according to specific industries and regions across North America. We will launch a follow-up survey in Fall 2023 to keep a pulse on the changing work environment.

Haworth's Workplace Research & Insights team investigates, explores, and tests the connection between product and workplace design, human behavior, health, and performance – while being acutely tuned to the user experience. We translate, apply, and share what we learn to inform product development and help our customers shape their work environments.

To learn more about this topic or access other Haworth research resources, visit haworth.com.
