

**ECONOMIST
IMPACT**

Keeping people at the centre

**Strengthening connection, collaboration
and culture in the new era of flexible work**



Supported by **Google** Workspace

About the research

Making work more human is a multi-phased research programme, conducted by Economist Impact and sponsored by Google Workspace, focused on emerging and sustainable models of work. Building on our foundational study “Making hybrid work more human”, which was published in 2021, this edition presents insights from a fresh global survey conducted between April and May 2023. In addition, it also features a new set of expert interviews and a literature review on the evolution of hybrid work to present recommendations for organisations that aim to build human-centric flexible work models.

We would like to thank the following experts for their time and expertise:

- **Daniel Acuña**, associate professor, Department of Computer Science, University of Colorado
- **Ben Armstrong**, executive director, MIT Industrial Performance Center
- **Andrew Barnes**, co-founder, 4 Day Week Global
- **Heejung Chung**, professor of sociology and social policy, University of Kent; author of *The Flexibility Paradox*
- **Kaumudi Misra**, associate professor, department of management, California State University East Bay
- **Fang Ruan**, global lead for people and organisation, technology sector, Boston Consulting Group
- **Tom van der Lubbe**, co-founder, Visii Mortgages
- **Anita Williams Woolley**, associate dean, Research; professor of organisational behavior, Tepper School of Business, Carnegie Mellon University

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Contents

- 4** Introduction: Flexible work is here—and a work in progress
- 6** A new barometer for a new era
- 8** What sets leaders apart
- 10** Culture challenges loom large
- 12** Strategies for sustaining flexible work
- 14** Emerging technologies and the future of work
- 18** Conclusion: Keeping employees front and centre
- 19** Appendix I: Assessment framework
- 23** Appendix II: Cluster analysis methodology



Introduction: Flexible work is here— and a work in progress



Over the last three years, a new era of flexible work has arisen. It has evolved beyond allowing people to work from home when they want, to seeing shifts in when and how work gets done.¹ But these new norms are by no means static, as organisations have seen their emergency pandemic responses on flexible work become more permanent arrangements and policies. Building on the 2021-22 research programme, “Making hybrid work more human”,² Economist Impact, supported by Google Workspace, conducted an updated global survey this year. This encompassed more than 900 executives across four regions—North America, Latin America, Europe and Asia-Pacific—and seven industries. These findings informed the creation of a first-of-its-kind flexible work barometer that measures companies’ progress on the adoption, implementation and evaluation of flexible work models.

Our initial research found that hybrid work was in its infancy as organisations grappled with its design and implementation amid conflicting evidence about its relative costs and benefits. Our playbook, based on a survey of 1,200 knowledge workers,^a emphasised that the shift to flexible work could only be sustained if organisations adopted “human-centric” work models, which put employees at the centre of corporate policymaking and implementation. It included a toolkit for building successful hybrid work models that prescribed trust, transparency, empathy and inclusiveness as cornerstones of a human-centric culture.

This year’s flexible work barometer confirms that executives are confident that flexibility improves wellbeing and performance. However, it also shows that organisational challenges persist. These obstacles, coupled with increasing economic pressures, could threaten the recent progress made to push the flexible work revolution forward and keep employees at the centre of work.

^a A knowledge worker is defined as a full-time employee whose work relies heavily on digital tools and consists primarily of intellectual labour and problem solving, as opposed to physical labour.

Overall, the barometer reveals that most organisations are well into their flexible work journey, but it's still a work in progress. The key findings of our research include:

Key findings

- The vast majority (90%) of surveyed organisations offer both flexible working hours and location options to some or all employees. The knowledge workers surveyed in 2021 were not as optimistic that flexibility would take hold, as only roughly 50% said they expected their organisations to continue offering time and location flexibility post-pandemic.
- Flexible work “leaders” score higher than “laggard” organisations across the barometer’s four key pillars: culture and strategy, work policy design, implementation, and evaluation and improvement. A key difference that sets leaders apart? Prioritising employee wellbeing.
- Barometer scores vary widely, ranging between 30% and 84%, with differences across regions and company sizes.
- Within the four pillars of the barometer, culture (measured on trust, employee autonomy and commitment to diversity) stands out as a problem area across regions, industries and company sizes. Notably, compared with laggards, leader organisations are experiencing greater culture-related challenges, including decreased trust between managers and direct reports, and disconnection between new hires and existing employees. As they have dived head-first into flexible work, it seems there has not been enough emphasis on building a conducive flexible work culture.
- Solutions for making flexible work succeed should focus on strengthening workplace culture via four key areas: management, trust, connection and collaboration.
- Many executives view technology-related deficits as being among the top obstacles to implementing more flexible work policies. However, advanced technology could also prove beneficial. The overwhelming majority (~84%) of leaders believe that artificial intelligence (AI) has significant potential to support flexibility, innovation and creativity.
- Cluster analysis on survey data about AI and its effects on the future of work identified two groups of executives: those with an “ahead of the curve” approach and those with a “wait and see” approach, which have diverging viewpoints that could determine the role of AI in corporate strategy moving forward.

While the advancement of flexible work is fluid and complex, these findings suggest that the companies thriving in this new era of work are those that keep humans at the centre and prioritise strong connections, creativity and collaboration.

A new barometer for a new era of work

Although changes in how, where and when people work have been significant and widespread since the onset of the covid-19 pandemic, there have been few data-driven, global studies to understand differences across sectors and regions.

Our barometer’s scoring framework is made up of 80 indicators that incorporate the golden principles identified in our previous research for

supporting an organisation’s flexible work efforts. These indicators are organised across four key pillars: culture and strategy; work policy design; implementation; evaluation and improvement (see figure 1). Based on the executive survey’s results, each company was scored across specific indicators within each pillar. These data produced the overall barometer scores, as well as average scores for specific pillars, regions, industries and company sizes.

Figure 1: Flexible work barometer framework^b

Culture and strategy	Work policy design	Implementation	Evaluation and improvement
<div>→ Strength of flexibility culture</div> <div>→ Favourable organisational culture</div>	<div>→ Informed decision-making</div> <div>→ Inclusive design process</div> <div>→ Equitable experience</div>	<div>→ Effective communication</div> <div>→ Adaptive managerial practices</div> <div>→ Accessible technology</div> <div>→ Support for employees</div> <div>→ Manager empowerment</div>	<div>→ Effective evaluation</div> <div>→ Continuous improvement</div>

^b See appendix for barometer framework

Our data show that most organisations are making progress on their flexible work journey. The vast majority (90%) of surveyed organisations offer both flexible working hours and locations to some or all employees. While this suggests a broad consensus among executives on the value of flexibility, when assessed across all of the barometer pillars, companies only received an overall score of 65

out of 100, suggesting room for improvement (see figure 2). There was also significant variation between the top performers, who achieved a score of 84 out of 100, and the laggards, who came in as low as 30. This indicates that while most organisations are making progress, they still haven't perfected designing inclusive, equitable and supportive policies and practices.

Flexible work is still a work in progress

Figure 2: Flexible work readiness scores



What sets leaders apart

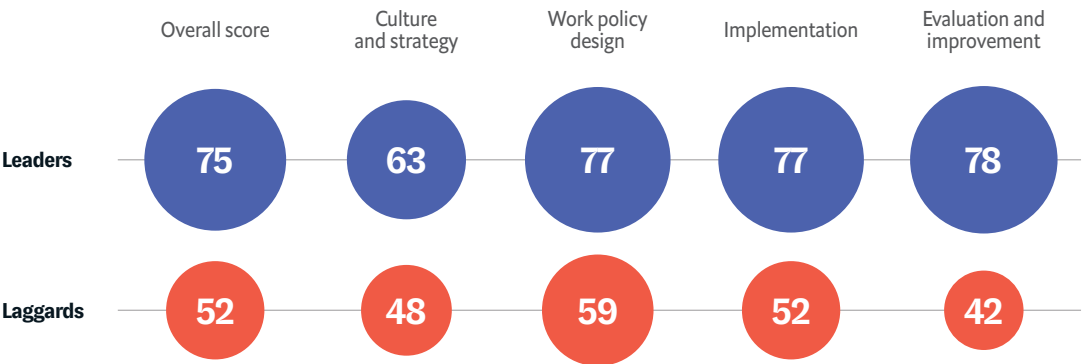
The barometer found notable disparities across all categories, highlighting what sets leaders and laggards apart. Overall, leaders scored between 70 and 84 across the four pillars, with laggards scoring between 30 and 59. The greatest disparity between the two came in the evaluation and improvement category. Leaders are more likely to have instituted employee consultations on their flexible work policies, illustrating their commitment to, and prioritisation of, their employees (see figure 3).

Leaders, compared with laggards, believe that their organisation’s performance across all fronts—company performance, employee

wellbeing, culture, sustainability and talent management—has strongly improved since adopting flexible work (see figure 4). Thus, the most notable differentiator between leaders and laggards is in prioritising people. Employee wellbeing—covered by the “implementation” pillar, which queried respondents on workers’ physical, mental, financial and professional wellness—is a top consideration for leaders. They received a score of 71 out of 100 for how they evaluate policies and practices relative to employee wellbeing and support, whereas the laggards scored 39. And while 24% of leader companies say they place employees at the centre of work policy decision-making, no laggard companies said the same.

Leaders and laggards: the greatest disparity is in evaluation and improvement

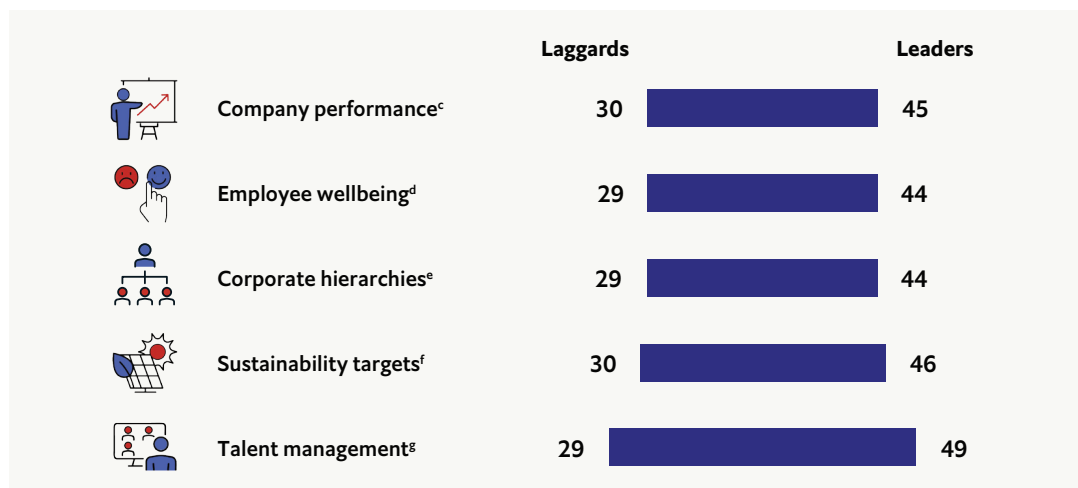
Figure 3*: Average readiness scores between leaders and laggards, by pillar



*derived from barometer analysis

Flexible work leaders are more likely to see progress in key areas

Figure 4: Percentage of executives who believe performance across key metrics has significantly improved since the adoption of flexible work



Visii Mortgages, named the best place to work in Europe in 2021, is a good example of a company that places its employees at the centre of its work policies.³ The Dutch mortgage advice company challenges the traditional corporate governance model and structures itself as a “multi-stakeholder society” instead. By this, it means that employees come first and shareholders last. As Tom van der Lubbe, co-founder of Visii, explains, “decision-makers need to zoom out and ask themselves a simple question before enforcing policies, *how would you like to be treated as an employee?*”

When employees feel that flexible work policies align with their needs, they are more likely to comply with those policies (for example,

commuting into the office on required days). The barometer found a greater likelihood of employee compliance among flexible work leaders versus laggards (see figure 5).

Greater employee engagement supports productivity and accrues benefits on the talent front. Most workers want flexibility, and meeting that need drives an organisation's ability to attract and retain the right talent in persistently tight post-pandemic labour markets. “When we talk about new ways of working, it’s not only about flexibility in time and location,” says Fang Ruan of Boston Consulting Group. “It’s how to win the talent, how to build a trust-based organisation. It’s part of the people strategy.”

A good sign among leaders: employees more likely to show up in the office

Figure 5: Percentage of executives who report employee compliance with flexible work mandates (eg, in-office days)



^c Average of employee productivity, innovation, financial performance and cost savings.

^d Average of physical, mental, financial and professional wellbeing

^e Average of co-creation, team strength, employee engagement and breaking corporate hierarchies

^f Average of ESG targets, carbon footprint, DEI performance

^g Average of talent attraction and retention

Culture challenges loom large

While human-centric flexible work policies can drive employee engagement, culture-related problems are liable to arise too. The barometer's results reveal that the foremost challenge, felt regardless of region, industry or company size, relates to workplace culture. Put another way, this means the cohesion between managers and their teams, and between new and more established employees.

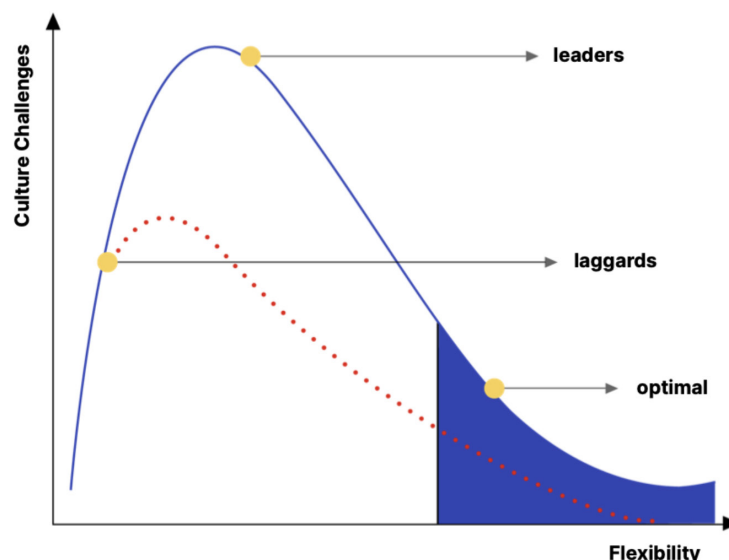
What is surprising is that when the culture and strategy pillar is broken down by leaders and laggards, the former are experiencing greater

culture-related challenges than the latter (see figure 6).

While it can seem counterintuitive, this finding could indicate that organisations that led the rapid rollout of flexible policies did not evolve their hybrid workplace culture at the same speed or with the requisite intentionality. While leaders struggle, the laggards, who have been slower to implement flexibility, can use this as an opportunity to think carefully about how to strengthen their workplace cultures as they prepare to roll out new flexible work policies.

Leaders experience greater culture-related challenges than laggards

Figure 6: Current relationship between culture challenges and flexibility



Leaders struggle with trust and connection

Figure 7: Percentage of executives who report distrust and disconnection

Decrease in trust between managers and direct reports



Disconnection between new joiners and existing employees



About 6/10 agreed that trust between managers and direct reports has deteriorated since the adoption of flexible work.

That said, workplace trust was an issue flagged by most executives. About six in ten agree that trust between managers and direct reports has deteriorated since the adoption of flexible work. Importantly, this decline in trust has had a spillover effect, contributing to other problems such as poor, asynchronous collaboration. A lack of real-time collaboration was the most common challenge cited by surveyed executives when implementing flexible work policies, which was followed by employee disconnection (see figure 8). And while about two-thirds of executives

(64%) say they complete collaborative tasks primarily through meetings, they are also frustrated with meeting inefficiency or fatigue, the third most common challenge when implementing flexible work policies.

Collaboration challenges in the flexible workplace can also manifest into meeting inefficiency or fatigue, as 32% of our survey respondents note. Too many meetings can be a result of managers' and leaders' unease with a flexible work environment, notes Anita Woolley, a professor at Carnegie Mellon University's Tepper School of Business. Leaders and managers may be nervous about "how to know that people are working," she says. "And then you end up with all these meetings as a way of seeing people."

Executives cite collaboration and connection as their top flexible work implementation challenges

Figure 8: Key challenges in implementing flexible work policies

- Lack of real-time collaboration among people working across different time zones
- Disconnection between new joiners and existing employees
- Inefficiency or fatigue from too many meetings
- Lack of visibility/information on the outcomes of flexible work models
- Frictions or inefficiency in collaboration among employees working across locations

Strategies for sustaining flexible work

As companies continue to experiment with flexible work, there are specific steps leaders can take to ensure long-term success. We have identified four key areas, informed by both survey data and expert interviews, to be strengthened for flexible work models to be successful: management, trust, connection and collaboration. To this end, the following solutions can help improve workplace culture and create a thriving and sustainable flexible work environment.

As leaders assess how to adapt to this new era of work, they should think of flexibility as a “work better policy” rather than a “work-life balance” gift, says Heejung Chung, a professor at the University of Kent. “Flexibility is a way to enhance performance, and a significant opportunity to be able to use human capital to the fullest,” she argues.

“As leaders assess how to adapt to this new era of work, they should think of flexibility as a ‘work better policy’ rather than a ‘work-life balance’ gift.”

Heejung Chung, professor of sociology and social policy,
University of Kent

But, to seize that potential, new policies need to be implemented successfully.

Evolve manager roles for a new era

Flexible work models have changed the relationship between organisations and employees, thus changing the role of middle managers. If these managers do not receive targeted training for managing distributed teams, companies increase the risk of running into the implementation challenges detailed in the previous section.

In the new era of flexible work, managers are not there to monitor workers, argues Professor Chung. They should act “more as a facilitator or a coach to help guide people to maximise their labour potential.” Middle managers need to enforce the company’s flexible work policies, while ensuring those rules are serving their teams, who are often spread across space and time. This evolved manager role requires additional training and support—yet 42% of surveyed executives say they have not instituted mandatory training for managers to manage distributed teams.

“It is essential that middle managers are trained to be able to strike a balance between delegation and control,” Ms Ruan says. “They need to roll up their sleeves and get their hands dirty. They need to be more trusting to make flexible work work.”

“Project management software, instant messaging platforms and other tools enabling real-time or asynchronous work are the lifeblood of flexible work models.”

Empower workers to build trust

Flexible work requires trust between organisations and employees. Yet nearly two-thirds (62%) of surveyed executives acknowledge their organisation uses online tracking tools to assess the work progress of employees, undermining the trust that's fundamental to sustain flexible work models.

Ideally, employees should feel empowered to make decisions that support their own efficiency, productivity, and wellbeing. “Empowering the workforce to rethink their work gives them the liberty to point out what's stopping them from being more efficient,” says Andrew Barnes, co-founder of 4 Day Week Global, an organisation that conducts pilot studies of shorter working weeks.

Foster connection, both in-person and virtually

To build strong workplace relationships, company leaders should foster connection within teams and across their organisations, both virtually and in-person. For example, younger employees should ideally be trained in-person, says Mr van der Lubbe. They benefit from in-office onboarding and skill development, and it also strengthens their connection to an employer, he says. “We’re seeing younger people are more obliged to come back to our offices to exchange ideas with their peers and experience a ‘student atmosphere,’” Mr van der Lubbe notes.

It is encouraging that even as their organisations implement flexibility, 70% of surveyed

executives say they require junior employees to be in-person for onboarding and training.

On the virtual front, it's also encouraging that 66% of respondents say their organisation creates opportunities for virtual interactions of hybrid and remote employees, such as online happy hours or “water cooler” sessions. But a third (32%) of executives say their company does not do this—signalling many missed opportunities for forging workplace connections.

Leverage digital tools to fuel collaboration

In a flexible, hybrid working environment in which employees work in different places (and/or times), collaboration is deeply connected to digital tools. Project management software, instant messaging platforms and other tools enabling real-time or asynchronous work are the lifeblood of flexible work models.

And yet, more than 50% of executives say basic tools facilitating formal and informal collaboration are only rarely or sometimes used at their organisation. “There are still a lot of organisations that haven't been in the habit of using tools to coordinate asynchronous work, and hence have meetings that get exhausting and ultimately impact productivity,” Professor Woolley says.

The solution is clear: organisations need to help employees leverage digital tools that fuel collaboration across time zones and physical spaces. In a flexible environment, companies should ensure that all employees—including those working in the office—embrace a digital-first work environment. Companies need to set employees up for success, providing people with “easy access to all information, tools and routines that enable them to collaborate, irrespective of time and location,” Professor Woolley says.

Emerging technologies and the new era of work

Successfully adopting new, flexible work models requires access to tech tools that support distributed collaboration, connecting employees across different locations and roles. However, a sizable portion of surveyed executives flagged technology-related deficits as some of the top obstacles to adoption (see figure 9).

But when it comes to workplace technology, organisations need to envisage more than just home office support. Emerging technologies,

including artificial intelligence (AI), are likely to offer a range of opportunities. For example, by streamlining or automating mundane tasks, AI can free up time for distributed teams to collaboratively tackle more creative high-value tasks.

Our survey found that executives see this potential and are keen to invest in new technologies like AI. An overwhelming majority (86%) of executives agree that AI can eliminate mundane tasks and contribute to increased innovation and creativity. And a similar portion (84%) agree that AI can enable more flexibility for those with manual jobs (eg, frontline workers). Jobs that may currently require in-person employees may evolve into remote roles. Instead of operating a factory line, for example, workers might remotely oversee AI-supported robots and sensor equipment.

Such a future will require more than just investments in technology. Organisations will also have to train workforces able to leverage the power of AI and other emerging technologies. “The need for skill development will continue to increase with the growing presence of AI,” Professor Woolley says. “Organisations will need employees with special skills to make full use of the AI capabilities that can facilitate flexible work.”

Amid the current generative AI boom, many workers could feel pessimistic about the coming



Technology poses some of the top adoption obstacles

Figure 9: Key challenges in adopting flexible work models

- Leadership's inability to adapt to new working practices
- Insufficient policies to achieve pre-pandemic levels of productivity
- Lack of managerial skills to manage workflows among flexible/remote workers
- Poor/few technology tools to support distributed collaboration
- Unequal access to technology tools among employees from different regions or functions (eg, knowledge vs frontline workers)

waves of automation-driven job elimination.⁴ But our survey found that executives worldwide are optimistic about AI's role in the future of work; 84% believe that job quality will improve as a by-product. A slightly higher percentage (86%) of executives believe that humans will stay at the centre of the workplace, with AI

playing a supporting role. Ben Armstrong, executive director of the Massachusetts Institute of Technology's Industrial Performance Center and co-leader of the Center's Work of the Future initiative, concurs, "I would say that humans remain in the centre, and AI tools become a quality check and productivity boost."



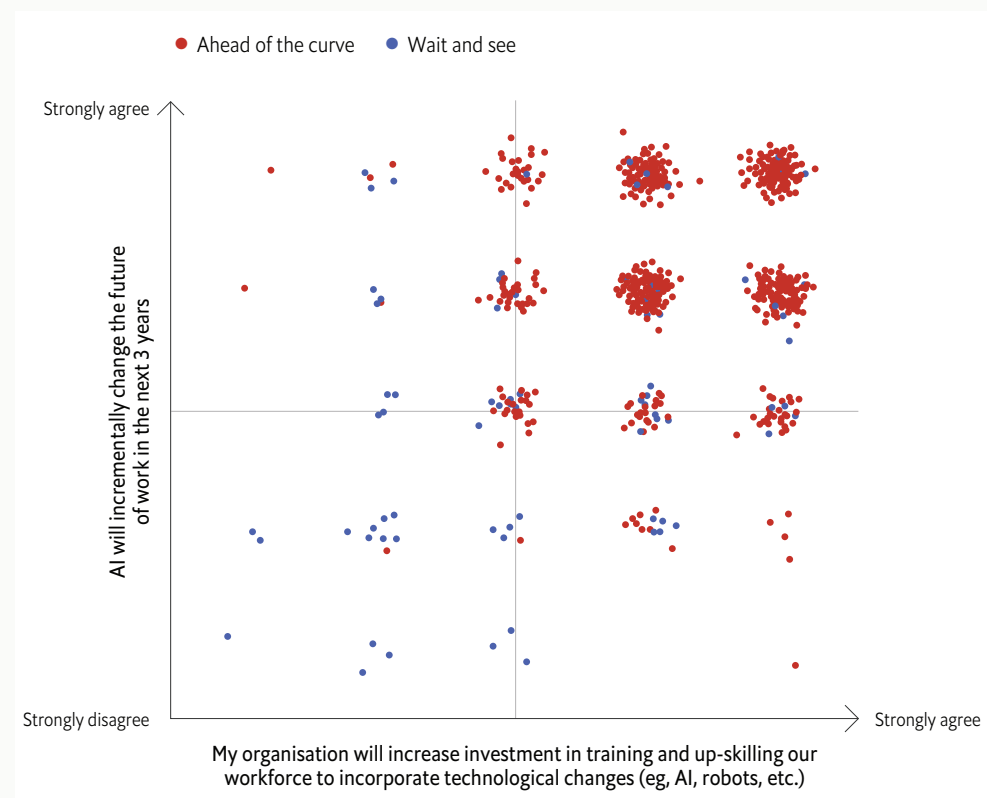
As organisations evolve in terms of both flexible work models and emerging technologies, leaders should expect employees to voice concerns about the future of their roles. Careful stakeholder management, including proactive communication about the supportive roles that AI can play, can help build a cohesive workplace culture that is resilient in the face of rapid technological change (see box 1).

Two sides of the AI coin

Economist Impact conducted a cluster analysis on the survey results and identified two groups of executives that hold different views on emerging technologies like AI and its effects on the future of work. While the majority are optimistic about the effects of these technologies on workers and the workplace both now and in the future, a smaller fraction of executives think their potential is overblown and are not planning for their integration in the new era of work. This divergence could produce two starkly different types of corporate strategies, and shape the way companies prepare for the AI transformation.

Overall, executive perception about AI's impact on the future of work is positive

Figure 10: Survey responses by cluster^h



^h NA responses have been excluded from this chart.

Ahead of the curve

Executives that we describe as “ahead of the curve,” are those who believe their organisation will increase investment in training and up-skilling their workforce to incorporate technological changes (eg, AI, robots, etc.) and that AI will incrementally change the future of work in the next three years. These executives are optimistic about the AI-driven future of work, with humans at the centre. They:

- Report regular use of AI and value its benefits, such as improvement of job quality;
- Believe training and upskilling workers is a key strategy to keep pace with technological changes;
- Support employees to work seamlessly, regardless of working arrangement.

Wait and see

The second type of executives are those that are adopting the “wait and see” approach. This includes executives who do not think technologies like AI will incrementally change the future of work over the next three years, and their organisations are not going to increase investment in training and upskilling their workforce to incorporate technological changes (eg, AI, robots, etc.). The “wait and see” executives are wary of the impact of AI on the workforce as well as the associated cybersecurity risks. They:

- Do not believe humans will remain at the centre of work as AI technology continues to evolve;
- Are more likely to feel that their organisations have not benefited from the adoption of AI technology, and don’t believe it will improve of job quality or increase creativity;
- Have limited experience with AI capabilities and are less likely to have a set strategy or plans to navigate technological change;
- Are less likely to invest in training and upskilling their workforce, and are unprepared to upgrade their cybersecurity and data privacy solutions.

Keep employees front and centre



Flexible work policies and practices now enjoy wide-scale global adoption. But going mainstream and reaching maturity are not the same thing: flexible work remains in a nascent phase and many companies will need to continue to iterate policies to improve workplace collaboration, connection and culture. At the same time, leaders view technology tools as an important factor enabling the success of those policies and are aligning investment decisions accordingly.

There is a real risk, however, that economic uncertainty and the cultural challenges highlighted by our barometer could challenge the future of flexible work. These factors, coupled with stubborn, office-bound mindsets, could tempt executives to roll back flexible policies despite the risk of undermining the benefits of flexibility.

But such decisions are increasingly out of touch with what workers are looking for. Employees want and expect at least some flexibility in where and when they work, and that expectation is here to stay. The risks facing hybrid organisations appear to be growing, as talent gravitates towards companies with flexible work policies. A report published in July found that these companies are growing headcount faster than those requiring people to be in the office full-time.⁵

Executives grappling with this new reality and weighing the adoption of flexible policies should keep a simple idea top of mind. What employees need and want should be at the centre of work policy decisions. There's no turning back the clock. The good news is that flexible models, if designed with culture as a focus, and implemented with the right technology, can be a win-win for employees and companies alike.

Appendix I

Flexible work barometer

Economist impact built a conceptual framework to examine the gaps in implementing human-centric flexible work models across industries and regions. This assessment framework informed the development of the executive survey and the flexible work barometer. The framework was developed based on the key principles of building human-centric flexible work models identified in the Year 1 program, supplemented by findings from our desk research and expert interviews for Year 2. Given that there is no one-size-fit-all flexible work model, the framework is focused on high-level “golden principles” (eg, inclusive decision making, accessible technology), as opposed to specific practices (eg, number of days of remote work per week).

Flexible work barometer: Assessment framework

PILLARS	INDICATORS	I.D.	WHAT TO MEASURE?	HOW TO MEASURE? SURVEY
1. CULTURE & STRATEGY	1.1 Strength of flexibility culture	1.1.1	Does the employer offer work flexibility in any form (eg, hybrid work, flexible time, flexible location)?	<ul style="list-style-type: none"> • Four-day work week • Fully remote work • Hybrid: 1-2 days a week in office • Hybrid: 3-4 days a week in office • Semi-flexible working hours (working hours flexible, within boundaries) • Fully-flexible working hours (working hours set at a worker's discretion) • Shift work (ie, working day divided into shifts allocated to employees; most often used to give frontline workers flexibility) • Job sharing (ie, two people are employed on a part-time basis to fulfil the job of one full-time employee) • Other, please specify:
		1.1.2	Is work flexibility incorporated into corporate business and/or ESG strategies?	<ul style="list-style-type: none"> • A corporate business strategy that incorporates a plan for flexible work • A designated remote/flexible work representative in the HR department • A corporate commitment to providing more work flexibility in the near future (1-3 years) • Integration of flexible work into the environmental, social and governance (ESG) strategy

PILLARS	INDICATORS	I.D.	WHAT TO MEASURE?	HOW TO MEASURE? SURVEY
1. CULTURE & STRATEGY	1.2 Favourable organisational culture	1.2.1	How strong is the trust between managers and employees?	<ul style="list-style-type: none"> Trust between managers and direct reports has deteriorated since the adoption of flexible work Employees are given full flexibility to complete tasks per their schedule as long as deadlines are met Online tracking tools are utilised to assess the work progress of employees All employees are required to be online and responsive constantly throughout the work day
		1.2.2	To what degree do employees have autonomy over their work routine (eg, schedules, working hours, location)?	<ul style="list-style-type: none"> To the extent possible, employees are given autonomy over their work routine (eg, schedules, working hours, location)
		1.2.3	To what degree is the employer committed to employee wellbeing and DEI?	<ul style="list-style-type: none"> Updated DEI policies that ensure flexible work is offered to all employees with special accommodations for specific needs Regular mandatory trainings sensitising senior leadership/employees to DEI initiatives Hiring processes that include measures to ensure inclusion of demographic and minority groups DEI as a metric/KPI in performance reviews A C-suite level DEI officer, eg, chief DEI officer
2. WORK POLICY DESIGN	2.1 Informed decision-making	2.1.1	How well do data/evidence back flexible work policy decision-making?	<ul style="list-style-type: none"> Decision-making related to flexible work policies is driven by employee experiences Decision-making related to flexible work policies is based on data/evidence
		2.1.2	Does the employer conduct internal consultation (eg, stakeholder surveys, interviews) before making flexible work policy decision?	<ul style="list-style-type: none"> My organisation conducts internal consultations (eg, stakeholder surveys, interviews, representative committee workshops) before making decisions on work arrangements
	2.2 Inclusive design process	2.2.1	Is the design process inclusive of employee perspectives across seniority levels (eg, junior analysts, mid-level managers)?	<ul style="list-style-type: none"> Flexible work policies are tailored to the needs of employees across different seniority levels
		2.2.2	Is the design process inclusive of employee perspectives across occupations (eg, frontline workers, knowledge workers)?	<ul style="list-style-type: none"> Flexible work policies are tailored to accommodate feedback/concerns of employees across different occupations including frontline staff/office staff/admin staff
		2.2.3	Is the design process inclusive of employee perspectives across regions?	<ul style="list-style-type: none"> Flexible work policies are tailored to the needs of regional offices and its employees
		2.2.4	Is the design process inclusive of the perspectives of employees with different gender or family status?	<ul style="list-style-type: none"> Flexible work policies are tailored to the needs of special employee groups (eg, parents, caregivers)
	2.3 Equitable experience	2.3.1	Are flexible work policies designed to ensure an equitable experience for all workers regardless of their seniority levels?	<ul style="list-style-type: none"> All employees are offered flexible work arrangements regardless of their seniority level
		2.3.2	Are flexible work policies designed to ensure an equitable experience for all workers regardless of their location?	<ul style="list-style-type: none"> The extent of flexibility is decided by the headquarters and followed across regions Onsite workers have access to more opportunities for career advancement and development than remote workers
		2.3.3	Are flexible work policies designed to ensure an equitable experience for all workers regardless of function/occupation?	<ul style="list-style-type: none"> Frontline worker are given the option to work in shifts to offer time flexibility My organisation awards additional benefits (leave, parking space, bonuses) for frontline staff who cannot be granted time/location flexibility
		2.3.4	Are flexible work policies designed to ensure an equitable experience for all workers regardless of gender or family status?	<ul style="list-style-type: none"> Team meetings are scheduled to not conflict with standard school pick up/drop off times To the extent possible, working parents are afforded additional time flexibility

PILLARS	INDICATORS	I.D.	WHAT TO MEASURE?	HOW TO MEASURE? SURVEY
3. IMPLEMENTATION	3.1 Effective communication	3.1.1	To what degree are new work norms, flexible work protocols and processes communicated openly and clearly?	<ul style="list-style-type: none"> Communications about flexible work protocols and processes are open Communications about flexible work protocols and processes are clear Managers and direct reports have regular (eg, weekly/biweekly) check-ins to discuss tasks, responsibilities and work progress Leadership regularly updates all employees through formal channels (emails, town-halls, etc) on new work norms and flexible work protocol and processes
		3.1.2	To what degree has the organisation provided easy and equal access to company information, policies and plans to employees?	<ul style="list-style-type: none"> Employees have easy access to company information about flexible work Employees have equal access to company information about flexible work All employees can access company information, policies and plans regarding work policies (eg, on cloud, shared drives, organisation website, internal employee site)
	3.2 Adaptive managerial practices	3.2.1	Are there diverse opportunities for in-person and virtual interactions?	<ul style="list-style-type: none"> Opportunities for virtual interactions of hybrid/remote employees (eg, online happy hours, virtual water cooler discussions) Regular in-person team building sessions Regular in-person/virtual cross-functional team catch-ups Requirements for junior employees to be in-person for onboarding, trainings and/or networking opportunities
		3.2.2	Do managers adapt workstreams or work assignments to allow for the hybrid of synchronous and asynchronous collaboration?	<ul style="list-style-type: none"> Workstreams or work assignments are adapted by managers to facilitate real time and offline work Designate hours for meeting-free focus time Complete tasks primarily through calls/meetings [score down]
		3.2.3	Have employee performance evaluation systems been adapted to flexible work settings?	<ul style="list-style-type: none"> Performance review metrics Employee evaluation systems that help conduct performance reviews in a flexible setting There is a higher emphasis on output and outcome rather than time spent working during employee evaluations
	3.3 Accessible technology	3.3.1	To what degree do technology platforms at the organisation facilitate flexible work?	<ul style="list-style-type: none"> Messaging platforms for informal employee interactions (eg, instant messaging) Platforms for virtual meetings (eg, video conferencing software) Tools for formal peer-to-peer interactions (eg, corporate emails) Tools for formal manager-employee interactions Tools for real-time collaboration (eg, online documents) Project management platforms HR management platforms to track time/attendance Customer relationship management (CRM) platforms Tools for asynchronous collaboration
		3.3.2	Does the organisation incorporate the needs of different groups of employees (age, location, department, seniority, family status) into tech investments?	<ul style="list-style-type: none"> Employee surveys on workplace technology tools guide investment in remote/telework technologies New tech/software can be adopted on a team/department basis irrespective of company-wide adoption
		3.3.3	Do employees, regardless of their location, working hours or function, have access to tools that allow them to fully participate in flexible work settings?	<ul style="list-style-type: none"> Employees, regardless of their location, working hours or function, have access to tools that allow them to fully contribute in flexible work settings My organisation has invested in office spaces (eg, meetings rooms) to update the tech needed to collaborate with hybrid/remote employees Since the adoption of remote work, my organisation has upgraded cybersecurity measures

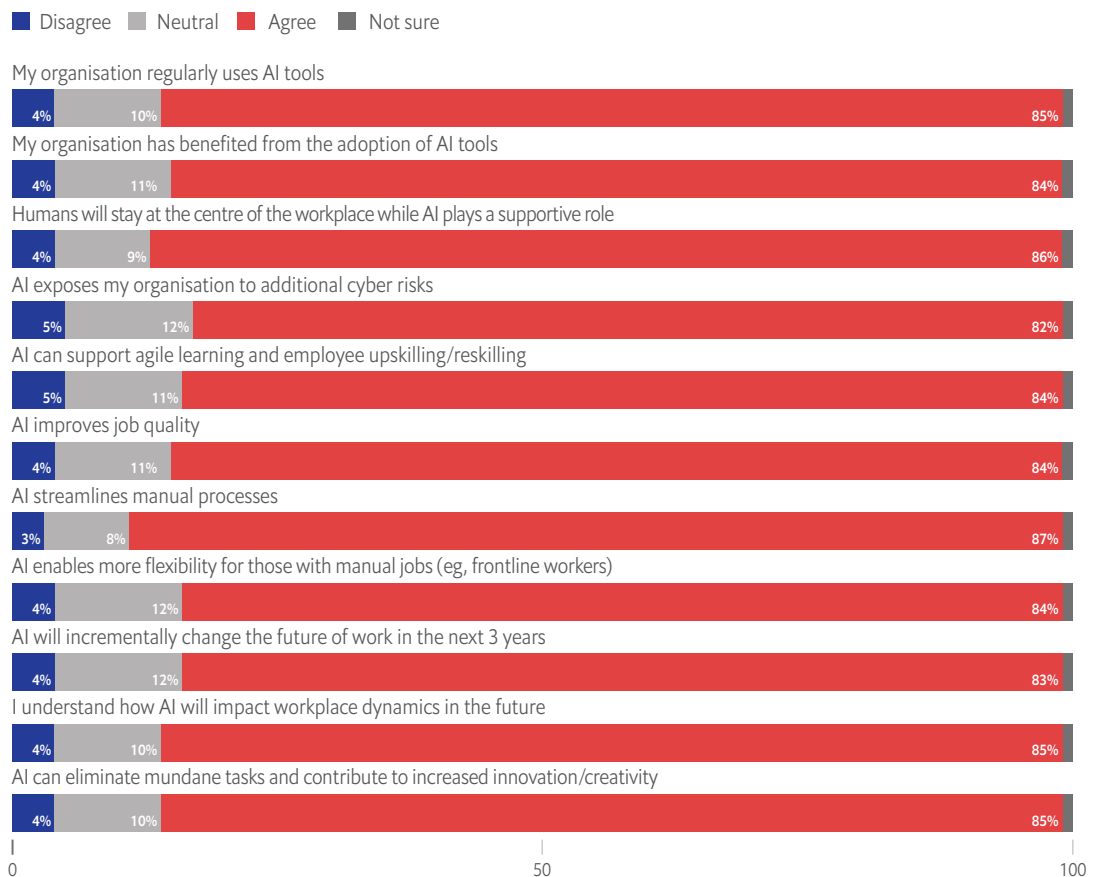
PILLARS	INDICATORS	I.D.	WHAT TO MEASURE?	HOW TO MEASURE? SURVEY
3. IMPLEMENTATION	3.3 Accessible technology	3.3.4	To what degree is technological training and on-demand support (tools) available and accessible?	<ul style="list-style-type: none">All employees are required to complete training in operating new remote work/telework technology/equipment/softwareWe have an on-demand IT support team for remote/hybrid employees to provide real-time solutionsSoftware/hardware explainers are accessible online (eg, shared drive) for all employeesMy organisation conducts regular training for upskilling employees with new tech (eg, training frontline workers in using AI-enabled tech)
	3.4 Support for employees	3.4.1	How strong is the employer's support for employee wellbeing in flexible work settings?	<ul style="list-style-type: none">Employee support resources (eg, access to mental health programmes, counselling services)Career growth opportunities (eg, mentorship, networking, clear promotion structures) to all employees regardless of locationFinancial resources/help (eg, student loan assistance, 401k) to all employeesEmployee home-office benefits/resources (eg, a stipend for office furniture)Employee physical wellbeing (eg, office buildings have gym access, benefits package offers gym membership, discounts on gym membership) to all employees
		3.4.2	Does the employer provide any training/guidance for employee to adapt to flexible work settings?	<ul style="list-style-type: none">Guidelines and/or training for employees to adapt to flexible work settings
	3.5 Manager empowerment	3.5.1	Are training sessions/guidelines/tech tools provided to managers to improve their skills for managing hybrid teams or flexible workers?	<ul style="list-style-type: none">Mandatory training for managers to manage hybrid/remote teamsInvestments in project management platforms to support middle managersInvestments in HR management platforms to track time and attendance to support middle managersInvestments in customer relationship management platforms to support middle managers
		3.5.2	Are managers able to independently solve the unique problems of each employee they manage?	<ul style="list-style-type: none">Managers are given leeway to tailor work policies to individual employee needs, especially parents and caregivers
	4. EVALUATION & IMPROVEMENT	4.1 Effective evaluation	4.1.1.	Are employees given an opportunity to share feedback on work policies?
4.1.2			Is the employer measuring and evaluating outcomes of flexible work models (eg, productivity, employee satisfaction) via certain metrics?	<ul style="list-style-type: none">Formal process or measurement system to review the effectiveness of flexible workEmployee satisfaction scores based on regular employee surveysEmployees' individual KPIsEmployee productivity or team/department/business outputFinancial performance (eg, revenue, profitability) of teams/departments/business units [score down]Insights from internal interviewsReal-time feedback to managers, HR or IT
4.2 Continuous improvement		4.2.1	Does the employer assess flexible models regularly and make adjustment as needed?	<ul style="list-style-type: none">Senior leadership regularly revises and upates flexible work policies to reflect organisational needs

Appendix II

Cluster analysis methodology

Economist Impact conducted cluster analysis on survey data. Cluster analysis is a statistical method for processing data that works by organising items into groups, or clusters, on the basis of how closely associated they are. The goal is to identify natural groupings among items. Analysis was run on two particular questions, which were not included in the barometer calculations (see below)

Q17: Impact of AI on work



Q18: Organisation preparedness for changing the future of work

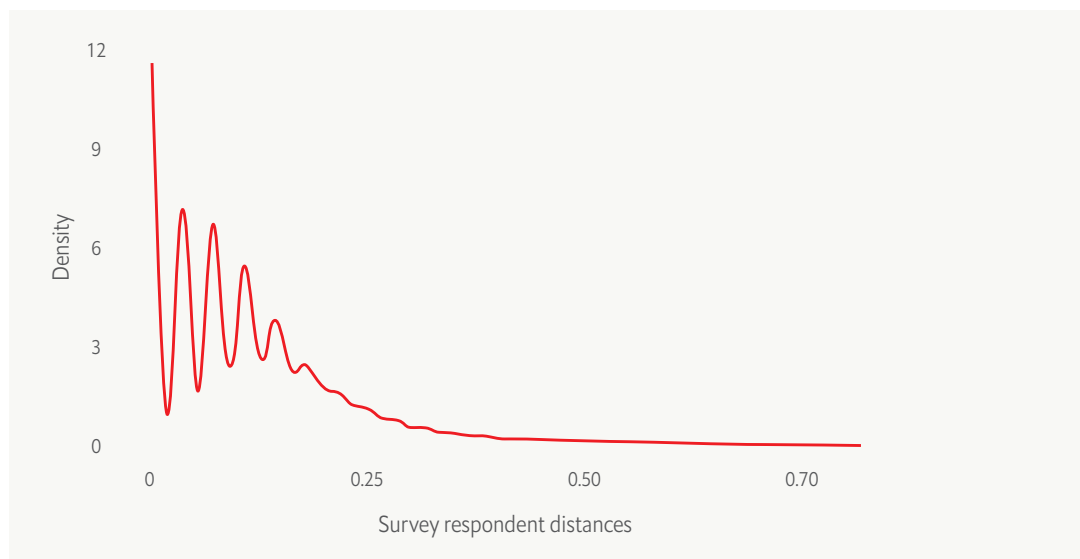
■ Disagree ■ Neutral ■ Agree ■ Not sure



An agglomerative hierarchical clustering method was used to determine the clusters. The distance between all individual survey respondents was calculated first. The Gower similarity is utilised, with Podani's extension for ordinal numbers, given the suitability of this measure for ordinal survey data.ⁱ In plain terms, this method determines the distance of all respondents to one another (see Fig 1), using equal weighting for all the questions used to determine clusters, based on comparative rank order and frequency of responses to the survey questions.

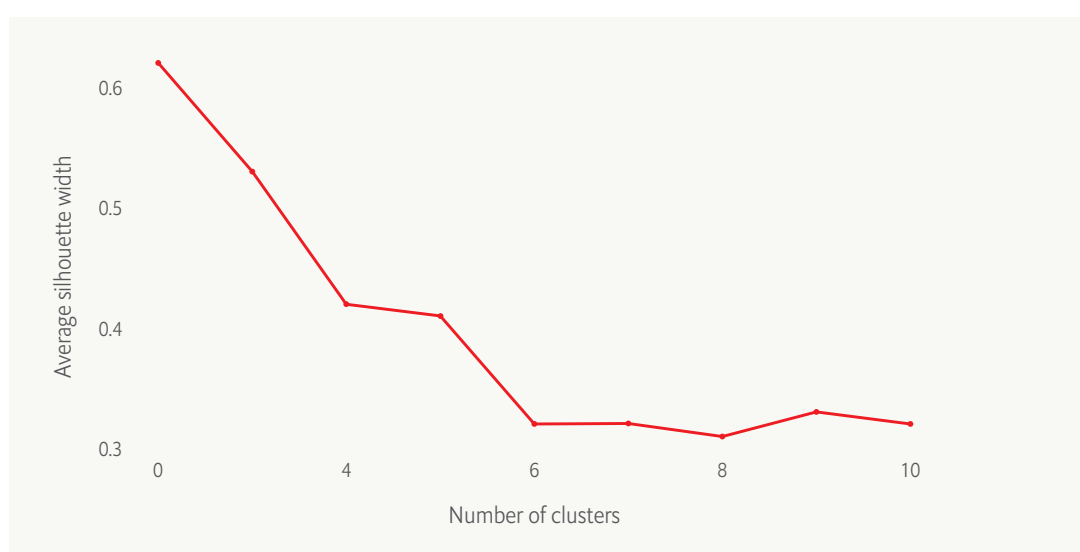
ⁱ The non-metric version is used, which is suitable for complete-linkage clustering.

Figure 1: Density plot of distances of all survey respondents to one another



Then, in an iterative fashion, the closest two objects (either individual survey respondents or clusters) are combined. A “complete” linkage was used, which means if clusters are being compared for distance, the furthest distance from within the clusters is used to determine the cluster’s distance to a survey respondent or another cluster. This linkage helps create tight clusters, and is appropriate for use with the chosen distance measure. Through this process, all items are combined until they form a single cluster. Following this procedure, a split point is chosen based on the optimal number of clusters. Analysis of the silhouette score indicated that if clusters are to be defined, two would be the best number.^j

Figure 2: Agglomerative clustering silhouette plot



^j There are a number of evaluation measures that can be used to determine the optimal number of clusters, of which the silhouette score is a methodologically robust option. For a task such as the one here (as with many tasks), choosing the optimal number of clusters requires subjective determination and domain knowledge. For instance, the “elbow method” could suggest the use of four clusters, but post-hoc analysis determined that three of the four clusters were quite small, and poorly differentiated, so two were ultimately used.

Limitations

Cluster analysis, including for exploratory data analysis, ultimately requires subjective determination^k, domain knowledge and consideration of the end use^l. In this case, clustering should be treated as a complementary method for identifying related survey respondents for the purpose of investigating patterns in the data. Other groupings could reasonably be used, as there are myriad clustering algorithms available, as well as a number of evaluation measures that can be used to determine the optimal number of clusters. While the silhouette score, used in this case, is considered a methodologically robust option^m, other conventional choices would have led to different results. For instance, the “elbow method” could suggest the use of four clusters, but post-hoc analysis determined that three of the four clusters were quite small and poorly differentiated, so two were ultimately used. Together, evaluative metrics and subjective expertise led to the use of two clusters, broadly representing groups more optimistic and pessimistic towards AI and flexible work.

^k Jain, A. K. (2010). Data clustering: 50 years beyond K-means. *Pattern Recognition Letters*, 31(8), 651–666. <https://doi.org/10.1016/j.patrec.2009.09.011>

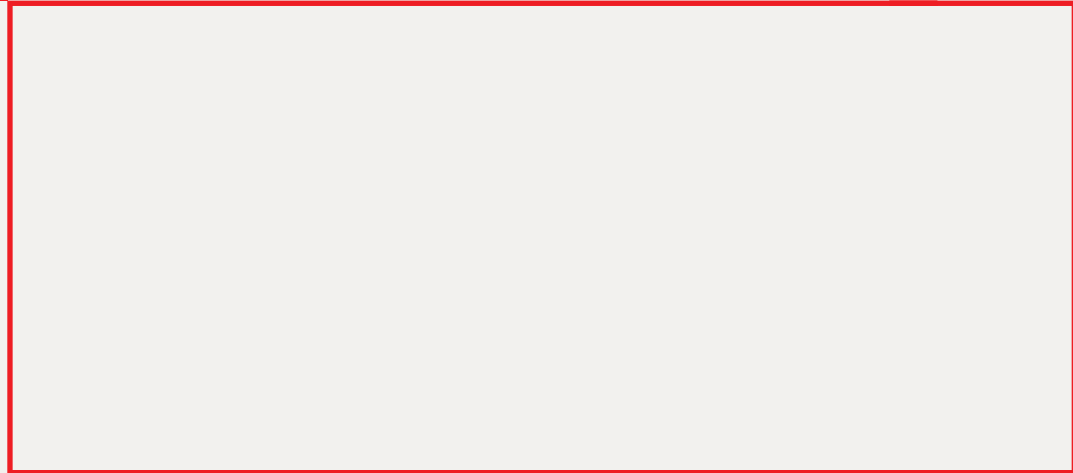
^l Von Luxburg, U. (2012, June 27). Clustering: science or art? *PMLR*. <https://proceedings.mlr.press/v27/luxburg12a.html#patrec.2009.09.011>

^m Xu, D., & Tian, Y. (2015b). A comprehensive survey of clustering algorithms. *Annals of Data Science*, 2(2), 165–193. <https://doi.org/10.1007/s40745-015-0040-1>

Endnotes

- ¹ Swan, M. (2023). A flexible work model equals more than remote work. Tercera. <https://tercera.io/resources/a-flexible-work-model-remote-work/>
- ² Making work more human. (2021). Google Workspace and the Economist Group. <https://impact.economist.com/projects/make-hybrid-human/>
- ³ This was recognised by Great Place to Work. Viisi was also named the best employer in the Netherlands for four consecutive years (2019-22). Sources:
<https://thinkers50.com/biographies/tom-van-der-lubbe/>
<https://twitter.com/ViisiNL/status/1440246930081140743>
- ⁴ Vallance, B. C. (2023, March 28). AI could replace the equivalent of 300 million jobs - report. BBC News. <https://www.bbc.com/news/technology-65102150>
- ⁵ Semuels, A. (2023, July 18). Companies requiring Full-Time In-Office are struggling to recruit new employees. Time. <https://time.com/6294640/remote-work-winning/>

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