

Incentives & Rewards in Remote and Hybrid Workforce Management

Throughout their 2020 book, *Lessons from the Titans*, Wall Street veterans Scott Davis, Rob Wertheimer, and Carter Copeland cite incentives as one of three prime managerial levers that signal what's important, shape employee actions and behaviors, and build the culture:

- *"Where the top of the organization influences culture is on actions and incentives."*
- *"How much and toward what end an organization incentivizes its employees has a profound impact on how the business performs."*
- *"Incentives matter more than most managers think, and those incentives need to be tuned to the current strategy."*

In the context of pandemic workplace transformations, where resignations, defections, and alternative work arrangements have hit all-time highs in the US, it is useful to be reminded that incentives, rewards, and recognition remain among the manager's most effective tools for change.

Much has been written around the mass movement to remote and hybrid work.

According to Gallup, almost three quarters of the US 'white collar' workforce worked fully remotely through the first half of 2021. Many of those workers have since returned to their offices, but a full 67% of the white collar workforce continues to work remotely at least some of the time (as of October 2021). Among them, 90% want to continue doing so. An April report, based on a 30,000-person survey from the National Bureau of Economic Research (NBER), concludes that "working from home will stick," with a permanent 400% increase in the numbers of Americans working remotely post-pandemic.

The desire to retain and engage employees has convinced most leaders to allow full-time or partial remote work where possible. According to a range of reports from the Society for Human Resources Management (SHRM), Gallup, Robert Half, and others, about three-quarters of employers intend to continue the practice indefinitely. Not surprisingly, managers used to traditional means of performance management and others concerned about workplace collaboration and innovation have concerns. The good news for them is that about half of remote workers prefer hybrid arrangements, where they work only a day or two at home and the rest onsite. This approach, according to many researchers, resolves most of the negative issues around remote work while capturing most of the benefits.

The general pros and cons of remote and hybrid work are well-documented.

In the mainstream media you are as likely to encounter articles in support of remote work as against it. Over the decades academia has mostly followed suit. Of late, however, the tide has turned in favor of remote work, and especially hybrid work arrangements. This makes sense when you consider that advances in communications technologies – combined with employees’ and managers’ greater experience of remote work – are bound to result in improvements. And, as the NBER points out, with millions of Americans working from home, firms have and will continue to invest more in technologies to improve the virtual work experience.

Rigorous research into the role of incentives is largely absent.

While the media and academia have produced plentiful advice for managers and workers on how to make remote and hybrid work more effective, what is missing is evidence-based research into the role of incentives, rewards, and recognition in fostering better remote work outcomes, including collaborative and prosocial behaviors, remote learning, and performance in general.

In a May 2021 paper published in the *Business Research Quarterly* (BRQ), professors Alvaro Lopez-Cabrales and Angelo DeNisi state that in the new normal, *“it is more difficult to monitor the activities of employees who are working at a distance; it is harder for supervisors to provide feedback and direction to employees who are teleworking, and it is more awkward for employees to engage with other employees remotely.”* They conclude that leaders should review incentives aimed at encouraging desired behaviors, then make those incentives strong and clear. These incentives, they advise, should include monetary and non-monetary rewards that link employee decisions, behaviors, and actions to the firm’s pandemic-recovery strategy and priorities.

In a May 2020 paper published in the *Journal of Industrial Marketing Management*, the researchers argue that incentive programs designed prior to Covid are no longer as relevant or applicable, and leaders must re-think and revise them to match the new reality. However, as Cabrales and DeNisi point out, *“further research is needed in this field to determine innovative reward mechanisms consistent with the crisis context.”*

Flexible work as reward is certain to diminish as workers come to view it as a right versus a privilege.

Leaders who have not done so already should devise post-pandemic strategy and priorities. Responsive reward designers will think broadly about how incentives can support revised corporate priorities. With HR and other leaders, they will think through plans for attracting, retaining, and engaging talent that works remotely some or all of the time. Likewise, firms that hope to entice workers back to the office – all or some of the time – should consider incentives and rewards that encourage it.

It is surprising that so little academic and data-backed research is available to help organizations revise incentive and reward programs in response to crises and major workforce shifts, such as the current move to remote work. After all, future weather-related catastrophes, global pandemics, and even widespread social disruption are near certainties. Firms with robust flexible work environments will more easily withstand these crises.

INSIGHTS & KEY TALKING POINTS	SOURCE
<p>Unprecedented numbers of US white collar employees are working remotely and want to continue doing so. Employer willingness to allow remote and hybrid work arrangements is at an all-time high and is likely to continue. Increasingly, academic papers report on the positives of remote and hybrid work arrangements.</p>	<p>Lydia Saad and Jeffrey Jones (Oct 13,2021). <i>Seven in 10 U.S. White-Collar Workers Still Working Remotely</i>. Gallup. See: https://news.gallup.com/poll/355907/remote-work-persisting-trending-permanent.aspx</p> <p>Jose Maria Barrero, Nicholas Bloom, and Steven J. Davis (Apr 2021). <i>Why Working from Home Will Stick</i>. NBER Working Paper No. 28731</p> <p>Nicholas Bloom, Steven J Davis and Yulia Zhestkova (2021). <i>COVID-19 Shifted Patent Applications toward Technologies that Support Working from Home</i>. See: https://repec.bfi.uchicago.edu/RePEc/pdfs/BFI_WP_2020133.pdf</p> <p>Choudhury et al (Jul 2020). <i>Work-from-Anywhere: The Productivity Effects of Geographic Flexibility</i>. <i>Academy of Management Proceedings</i>. See: https://journals.aom.org/doi/epdf/10.5465/AMBPP.2020</p> <p>Ben Casselman (Nov 12, 2021) <i>The number of US workers quitting their jobs in September was the highest on record</i>. New York Times. See: https://www.nytimes.com/2021/11/12/business/economy/jobs-labor-openings-quit.html</p> <p>Ravi S. Gajendran and David A. Harrison (2007) <i>The Good, the Bad, and the Unknown About Telecommuting: Meta- Analysis of Psychological Mediators and Individual Consequences</i>. <i>Journal of Applied Psychology</i>. See: https://psycnet.apa.org/doiLanding?doi=10.1037%2F0021-9010.92.6.1524</p>
<p>Workers prefer remote and hybrid work arrangements. Many have or say they will leave if denied. Many managers express concerns around performance management and workplace collaboration.</p>	<p>Lydia Saad and Jeffrey Jones (Oct 13,2021) <i>Seven in 10 U.S. White-Collar Workers Still Working Remotely</i>. Gallup. See: https://news.gallup.com/poll/355907/remote-work-persisting-trending-permanent.aspx</p> <p>Bob Nelson (8/29/21). <i>Hybrid Workforce: Culture Isn't Exclusive to Being Onsite</i>. Inc. Magazine Online. See: https://ceoworld.biz/2021/09/02/hybrid-workforce-culture-isnt-exclusive-to-being-onsite/</p> <p>Andrea Alexander, Aaron De Smet, and Mihir Mysore (July 2020) <i>Reimagining the Postpandemic workforce</i>. Mckinsey Quarterly. See: https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/reimagining-the-postpandemic-workforce</p>
<p>A great deal of good academic and non-academic research and articles offer insights into how to manage, equip, and even inspire a remote/hybrid workforce.</p>	<p>Amy C. Edmondson and Gene Daley (8.2.3.2020) <i>How to Foster Psychological Safety in Virtual Meetings</i>. Harvard Business Review. See: https://hbr.org/2020/08/how-to-foster-psychological-safety-in-virtual-meetings</p> <p>Prithwiraj (Raj) Choudhury (2020) <i>Our Work-From-Anywhere Future</i>. Harvard Business School. See: https://hbr.org/2020/11/our-work-from-anywhere-future</p> <p>Ravi S. Gajendran and David A. Harrison (2007) <i>The Good, the Bad, and the Unknown About Telecommuting: Meta- Analysis of Psychological Mediators and Individual Consequences</i>. <i>Journal of Applied Psychology</i>. See: https://psycnet.apa.org/doiLanding?doi=10.1037%2F0021-9010.92.6.1524</p> <p>Nicholas Bloom (2014). <i>To Raise Productivity, Let More Employees Work From Home</i>. Harvard Business review. See: https://hbr.org/2014/01/to-raise-productivity-let-more-employees-work-from-home</p> <p>Adriana Dahik, et al (July 2020). <i>What 12,000 employees have to say about the future of remote work</i>. Boston Consulting Group. See: http://www.g20ys.org/upload/auto/7139c0b4e3d35d31fe4c92c7347aec3422b64164.pdf</p>
<p>Incentives are vital to optimizing remote and hybrid work arrangements and to deep crisis recovery. Very little academic research exists on these topics.</p>	<p>Prithwiraj (Raj) Choudhury (2020) <i>Our Work-From-Anywhere Future</i>. Harvard Business School. See: https://hbr.org/2020/11/our-work-from-anywhere-future</p> <p>Nelson Schwartz (June 2021). <i>From Appetizers to Tuition, Incentives to Job Seekers Grow</i>. New York Times. See: https://www.nytimes.com/2021/06/08/business/economy/jobs-hiring-incentives.html</p> <p>Nathaniel N. Hartmann, Bruno Lussier (May 2020). <i>Managing the sales force through the unexpected exogenous COVID-19 crisis</i>. <i>Industrial Marketing Management</i>. See: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7203051/pdf/main.pdf</p> <p>Alvaro Lopez-Cabreres and Angelo DeNisi (May 2021). <i>The road to more sustainable firms in the face of a pandemic: Changes needed in employment relationships</i>. <i>Business research Quarterly</i>. See: https://journals.sagepub.com/doi/10.1177/23409444211017913</p>