

Crisis Management and the Remote Workforce

CHAPTER

15

Chapter Outline

- The Human Resource Consequences of Organizational Crises
- Human Resource Strategies and Tactics for Managing an Organizational Crisis
- The Advantages and Disadvantages of Remote Work
- Elements of a Successful Remote Work Program



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Learning Objectives

After reading and studying this chapter and doing the exercises, you should be able to:

1. Identify several human resource consequences of organizational crises.
2. Describe at least four human resource management strategies and tactics for managing an organizational crisis.
3. Pinpoint at least three advantages and disadvantages of remote work.
4. Describe at least four elements of a successful remote work program.

During the pandemic crisis, major insurance company Nationwide announced a plan to implement a hybrid operating model. The model focused on working from four main offices but working from home in most other locations. As part of the hybrid model, employees have access to a “hotel” in the company office where they can come to work and collaborate, perhaps for a day or two. During the other days, they work from home. Kirt Walker, the Nationwide CEO, justified the shift to more employees working from home with these words: “The first thing we wanted to do was keep our associates safe, stay connected to our members, and do our part to flatten the curve [of the virus] for America.”

Nationwide management found that the plan worked so well that it shut down five more traditional brick-and-mortar offices by November 2020. The employees and contractors who worked in these offices shifted to permanently working from home. Nationwide already had 5,000 employees working from home before the pandemic. After the office closings, about 30 percent of the 28,000 Nationwide employees were working in offices at home.

Company management found that the shift to telecommuting had no negative effect on business results. The key performance indicators reflected no change from the previous year. Members (customers) frequently told Nationwide employees that “If you hadn’t announced you were working from home, we never would have known.”



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Mark Berven, president of Nationwide Property & Casualty, told an insurance newsletter, “As our organization continues to evolve to meet the needs of our members and distribution partners, we’re proud that our associates were ready to embrace new ways of working. Expanding our alternative work environment allows us to continue to recruit and retain the best talent and pass along the operational benefits enabled by our technology to our customers.”

A key part of the work-from-home (WFH) strategy was to supply the right kinds of equipment, support mechanisms, and telework agreements the company needed to implement the shift. Walker said that the insurer had been investing for years in the technology necessary to support working from home on a large

scale. A frequent problem is that the Internet at home may not have sufficient bandwidth for office work. He also noted that the company associates and technology team proved that the company can serve its members and partners with a high level of care with a large proportion of the team working from home. Walker noted that he could see about one-half of Nationwide employees someday working from home.

Management gave a key suggestion to employees working from home: They were told to put on their photo badge at the beginning of the workday and take it off at the end. The suggestion enabled work-from-home employees to start and end the workday and also to let family members know whether or not the employee was at work.

The decision about which brick-and-mortar offices to retain was based on factors such as identifying a current large concentration of workers, maintaining the ability to service policyholders in different time zones, and preserving access to talent and expertise. Nationwide also remained committed to its philanthropic efforts to support the nonprofit organizations located near the closed offices. Exceptions to office closings also included smaller offices and locations where state plans or business needs require an office location to service members. The Nationwide Pet (medical and accident insurance for pets) business in operation in Brea, California, also stayed open.

After the first year of the work-from-home program had been completed, leadership at Nationwide said the company had been able to maintain “strong operational and customer service levels throughout that time.”¹

The story about Nationwide illustrates simultaneously the two major components of this chapter: working remotely and dealing with a crisis. To deal effectively with the COVID-19 crisis, the company greatly expanded its work-from-home program. Considerable assistance is required from human resource management professionals to deal with a crisis facing the company and implement a successful remote work program.

In the last several years, companies have faced a new reality with respect to their workforce. As career advice journalist Kate Lopaze writes, industries such as food services, health care, and automotive repair will always have a significant in-person component. In contrast, many industries have quickly developed and implemented work-from-home strategies to meet urgent public health needs. The human resource implication is that many workers will not set foot in a traditional office for a long time as organizations shift to more digital strategies for their workplaces.²

The Human Resource Consequences of Organizational Crises

Many potential crises face organizations in addition to a pandemic. A **crisis** in this context is a sudden and largely unanticipated, extremely negative, and emotionally upsetting circumstance. Among these crises are a drastic revenue decline; pending bankruptcy; homicide in the workplace; scandalous criminal behavior by executives; natural disasters such as hurricanes, floods, or earthquakes; disease outbreaks; nuclear radiation spills; bombings and other terrorist attacks; and a cruise ship being shipwrecked. Figure 15-1 categorizes organizational crises, with all of them having potential negative impact on workers at all levels.

crisis A sudden and largely unanticipated, extremely negative, and emotionally upsetting circumstance.

Human Resources	Financial	Informational	Destruction of Property	Reputational	Violent Behavior
Several key executives quitting to join a competitor	Labor strikes and lockouts	Major violation of customer privacy from a data breach	Floods destroying factories and/or stores	Social media campaign against the company that goes viral	Outsider who enters premises and kills several employees
Sudden, unanticipated large turnover in workforce	Boycott of products	Loss of proprietary and confidential information	Major fire that incapacitates or destroys a key facility	Media coverage that company used bribes to win contracts	Employee who attacks and kills another employee
Dozens of key employees, such as airline pilots or school teachers, calling in sick on the same day	Drastic decline in stock price	Trade secrets stolen	Aircraft crashing into a major facility	Rumor spreading that a major company product is contaminated	Company executive who is kidnapped
Large number of key technical employees declared to lack proper visas	Lawsuit resulting in major fines	Key patent or patents declared invalid	Poison, such as a toxic chemical or mold, spreading throughout a facility	Reports surfacing of widespread sexual harassment in the company	One employee who sexually assaults another on company premises
Key executive who becomes mentally unfit to handle the role but refuses to step down	Major decline in earnings, such as a key product becoming obsolete			Revelation that several company officials hired prostitutes during a strategy retreat	Customer stampede on busiest shopping day of the year that kills customer or employee
	Bankruptcy			Revelation that employees regularly held drug parties in storeroom on company premises	
	Substantial fines by government				

FIGURE 15-1 Major Types of Crises Affecting the Workplace

Sources: Adapted and updated from Andrew J. DuBrin, "Personal Attributes and Behaviors of Effective Crisis Leaders," in *Handbook of Crisis Leadership in Organizations*, ed. Andrew J. DuBrin (Cheltenham, UK: Edward Elgar, 2013), 4; Ian I. Mitroff, "From Crisis Management to Crisis Leadership," in *Business: The Ultimate Resource* (Cambridge, MA: Perseus Publishing, 2002), 293.

The most obvious human resource consequence of an organizational crisis is an elevated stress level for many employees. Some of the stress linked to an organizational crisis is associated with job insecurity, such as the realistic expectation that if a company is facing bankruptcy, it could mean job loss. Government agencies are not immune from

this source of stress. If an agency is experiencing a severe budget cut, layoffs are possible. Elevated stress leads to a variety of mental and physical health problems, a less enjoyable employee experience, lower productivity, higher absenteeism, and higher voluntary turnover.

The *Stress in America January 2021 Stress Snapshot* conducted by the Harris Poll on behalf of the American Psychological Association, included data based on the COVID-19 crisis facing many individuals and organizations. Eighty-four percent of adults reported feeling at least one emotion associated with prolonged stress in the previous two weeks. Many of the people surveyed were most likely working either at a company office or working from home. The most common negative emotions were feelings of anxiety (47 percent), sadness (44 percent), and anger (39 percent). Other factors, such as political unrest and violence and a weakened economy, also influenced the survey results, so these negative symptoms cannot be attributed exclusively to an organizational crisis. However, workers who are stressed from sources outside the workplace bring their stress symptoms onto the job.

During the pandemic crisis, the American Psychological Association offered evidence-based advice to help workers manage their stress. Similar advice would be offered in many employee assistance plans (EAPs) or wellness programs. Following are suggestions that relate most directly to dealing with stress from an organizational crisis:

- Practice the rule of “three good things” and ask friends and family to do the same. The rule states that at the end of each day, you should reflect on three good things that happened—large or small. This rule helps decrease anxiety, counter depression, and build emotional resilience. (Many workers facing an organizational crisis will experience difficulty in finding something good that happened, making it important to search for something positive. For example, “I did get through six of the seven items on my to-do list today.”) You also should practice self-care in 15- or 30-minute increments throughout the day. This self-care can include taking a short walk, calling a friend, or watching a funny show. (Full-time employees working in a company facility may find it difficult to implement this suggestion, but people who work from home might find it easier to accomplish.)
- Stay connected with friends, family, coworkers, and team members. This advice helps build emotional resiliency so you can support one another.
- Keep things in perspective. Try to reframe your thinking to reduce negative interpretations of day-to-day experiences and events. (For example, workers in the midst of an organizational crisis might recognize that upper-level management is capable of getting the company through the crisis and that HR provides plenty of employee support.)³

A survey of 330 human resource leaders conducted by the Conference Board in 2020 provides insight into several of the human resource management consequences of an organization facing a major crisis. The crisis in question was the pandemic. Forty-seven percent of respondents reported an increase in productivity at their companies, whereas only 13 percent reported a drop. Many HR professionals reported that their employees were experiencing increased working hours (60 percent) and spending more time in meetings (63 percent).

It was also reported that employees were suffering more burnout (42 percent), decreased work and personal life balance (46 percent), and more mental health problems (40 percent). Robert Erickson, a coauthor of the report and principal researcher at the



During the pandemic crisis, the American Psychological Association offered evidence-based advice to help workers manage their stress.

Source: bleakstar/Shutterstock

Conference Board, commented on the findings: “These sobering statistics beg the question of whether increased working hours are sustainable in the long run.” He recommended that to further support the health and well-being of their workers, companies might consider implementing quiet periods without email. Erickson also recommended that companies might consider mandating vacation time or even offer more benefits related to health and wellness to mitigate stress.

Other actions companies planned to take to deal with the crisis caused by the pandemic also had human resource consequences: (a) 13 percent planned to restructure their organization, (b) 11 percent planned to cut bonuses, (c) 9 percent planned to conduct permanent layoffs, and (d) 8 percent planned to defer pay increases and bonuses.⁴

Human Resource Strategies and Tactics for Managing an Organizational Crisis

Managing or getting through an organizational crisis is the primary responsibility of managers outside the HR department. Among these many strategies is providing strong direction to help lead the organization out of crisis. HR managers, however, play a key role in formulating crisis management strategies as well as in their implementation. Here, and outlined in Figure 15-2, we describe field-tested strategies and tactics for dealing with aspects of an organizational crisis that could readily involve members of the HR department.

Emphasize a United Effort

Organizations cannot work their way through a crisis without the cooperation of people throughout the organization. For example, after a fire or hurricane hits a facility, the call is for “All hands on deck.” Hundreds of people have to assist in cleaning up the mess and restoring order. It is helpful for managers throughout the organization and HR specialists to emphasize the motto “We’re all in this together.”⁵

Reestablish the Work Routine

A temporary drop in performance and productivity is almost inevitable for most workers after disaster strikes, such as an earthquake or terrorist attack—even if the organization is not directly affected. Although it may appear callous and counterintuitive, leaders including HR specialists should emphasize the temporary nature of the performance decline.

1. Emphasize a united effort.
2. Reestablish the work routine.
3. Give recognition for accomplishments.
4. Display sadness and compassion.
5. Communicate extensively about the crisis.
6. Promote psychological safety.
7. Project bounded optimism.
8. Provide EAP services following the crisis and stay involved.
9. Ensure that the CHRO works closely with the legal counsel.
10. Designate time and space for team bonding.

FIGURE 15-2 Human Resource Management–Oriented Strategies and Tactics for Crisis Management

An effective way of helping people deal with a workplace crisis is to encourage them to return to their regular work. It is important for workers to express their feelings about the crisis before refocusing on work. After they have expressed their feelings, returning to work helps ground them in reality and restores purpose to their lives. Randall Marshall, director of trauma studies for the New York State Office of Mental Health, said after the 9/11 crisis, “A healthy response to this type of situation is to get back into a routine.”⁶

Give Recognition for Accomplishments

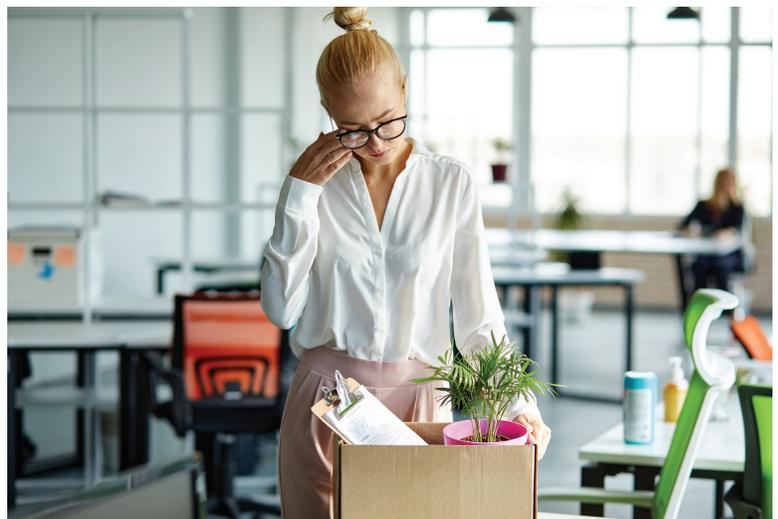
When an organization faces turbulence, employees are in particular need of recognition for whatever they accomplish to help stabilize the organization. HR specialists should remind managers that success of every type should be made visible, such as posting on the intranet that a specific sales representative brought back a major customer who had left the company. Michael Scalzo, managing director and CEO of the GEMKO Information group, says, “We want to keep our employees excited about the future, so we need to communicate that our strategic goals are still in place as we ride through the storm.”⁷ The point of the preceding comment is that when employees have a clear understanding of the strategic goals, they know what they are striving to accomplish.

Display Sadness and Compassion

An organizational crisis is a sad event, making it imperative that leaders including HR representatives deal with their emotions as well as those of the group. Two related emotions that have been researched are sadness and compassion. Leaders should be able to express sadness about the crisis event, such as expressing sadness that a violent former employee has seriously injured several current employees. Compassion is also important because it shows that the leader cares about the plight of employees caught up in the negative consequences of the crisis. HR can often make a contribution by gently reminding managers about the importance of expressing their sadness and compassion.

The research of Jerald Greenberg provides evidence that sadness and compassion can help an organization work through difficult times, including a crisis. He studied comparable manufacturing plants in the Midwest that were units of the same company. Two of the plants, which management selected at random, instituted a temporary ten-week pay cut of 15 percent after the company had lost a major contract. At one of the two plants, the executive who conveyed the news was curt, stating, “I’ll answer one or two questions, but then I have to catch a plane for another meeting.” At the other plant, the executive who communicated the news gave a detailed and compassionate explanation. He also apologized and expressed sadness several times. The executive also spent a full hour answering questions about why the salary cuts were necessary. He also explained who would be affected and what the workers could do to help themselves and the plant.

Greenberg found differences in theft rate related to compassion and sadness expressed by the executives. At the plant where the brusque explanation was provided, the theft rate rose to more than 9 percent. In contrast, in the plant where the executive presented a detailed and compassionate explanation, the theft rate was only 6 percent. At a third plant where no pay cuts were implemented, the theft rate held at 4 percent. After full pay was restored at the two plants, theft rates returned to the norm of 4 percent.



Source: UfaBizPhoto/Shutterstock

An organizational crisis that results in job loss is a sad event and should be dealt with in a compassionate manner.

Greenberg interpreted his experimental results to mean that the theft rate rose at both plants as a way of workers getting even with management. When compassion and sadness were not expressed, the workers had more to get even about. Compassionate leadership therefore adds value during a situation that employees perceive to be a crisis.⁸

Communicate Extensively About the Crisis

Ample, honest, and effective communication to all stakeholders is at the heart of getting an organization through a crisis. HR can help other managers as well as the corporate communications group getting out the message of what is being done to repair the damage, how much progress is being made, and what the future might hold. A town hall meeting to present information and answer questions about the crisis can be quite helpful. For example, if several members of top management were lost in an airplane crash, an HR representative might explain how a succession plan is being put into place immediately. The plan should be preceded by an expression of sorrow for the lost executives, their family members, and friends.

An essential component of crisis communication is to inform employees about what might be happening to their jobs and to provide updates on the stability of the company. For example, if a company closes temporarily because of a disaster, employees want to know when the reopening is scheduled. Employees also want to know about the safety and health precautions that will be taken after the enterprise reopens. Managers can set up weekly calls or send ongoing communication that provides whatever valid information is available. Sending information to mobile devices is particularly helpful because employees can access the information when and where they want on their electronic devices.⁹

Promote Psychological Safety

During a crisis the head of HR should encourage managers to promote psychological safety so that workers can openly discuss ideas, questions, and concerns without fear of repercussions or retaliation. Healthy debate is important for getting through the crisis, and workers throughout the organization should feel that they are free to suggest unusual solutions for getting through the crisis.¹⁰ For example, a natural response by top-level management is to implement a hiring freeze if not a layoff. Yet someone in the organization might have a counterintuitive suggestion. If not concerned about being ridiculed for the suggestion, an associate might offer the idea of quickly hiring a few customer-facing employees who would more than pay for themselves by stimulating new sales and repeat business.

Project Bounded Optimism

During the crisis, workers throughout the organization want to feel that better times are ahead, but they are hesitant to accept fanciful ideas that a turnaround will arrive quickly. The situation calls for **bounded optimism**, or confidence combined with realism. If leaders and HR personnel display excessive confidence in spite of obviously adverse circumstances, they will lose credibility. It is more effective for leaders to project confidence that better times are ahead yet at the same time patience and hard work will be necessary to restore pre-crisis conditions. When the crisis has passed, less bounded optimism from leaders will be welcomed.¹¹

During a financial crisis in the stock market, an HR benefits manager might tell employees, “I recognize that your 401(k) investments have shrunk about 25 percent in value, but the company is working hard to restore confidence in investors. We expect a turnaround in the value of retirement funds within 15 months.”

Provide EAP Services Following the Crisis and Stay Involved

The days and weeks following the deadly shooting at Marjory Stoneman Douglas High School, in Parkland, Florida, in 2018 required a crisis response from HR. A key role for

bounded optimism

Confidence combined with realism.

HR during the crisis was to coordinate activities with the EAP providing services to Coral Springs employees. Karen Cierzan, the vice president of behavioral clinical operations for health insurer Cigna, said it is important for HR professionals to have thorough knowledge of available services before a crisis occurs.

The EAP strategy for an organizational crisis that directly affects the community is to take a broad approach. Central to the approach is to immediately provide information and resources to a wide range of employees. Cierzan says that this approach includes details about counseling services, coping strategies, and how to recognize reactions in yourself, coworkers, and families. In response to a severe crisis, Cigna's employee assistance counselors meet with an employer, create a plan consistent with the organization's culture, and provide follow-up.

Dale Pazdra, the human resources director at Coral Springs, says that HR has a special role to play in helping employees adjust in healthy ways after a traumatic event. He emphasizes that effective communication is essential: "Engaging directly with employees by walking around and speaking with them helps HR professionals better understand employee concerns and how to help."

HR also responded to the crisis by intervening in the community by facilitating and participating in local events. One example was a Day of Healing event for first responders, students, and faculty. HR members also participated in a vigil the night following the February 14 shooting that killed 17 students and staff members.¹²

Ensure That the CHRO Works Closely with the Legal Counsel

Labor and employment lawyer Preston Pugh advises what to do during the detection and initial response phases of a crisis that is essentially an HR issue. In such a situation, the CHRO should work closely with the company's legal counsel. An example of a crisis being an HR issue is when an employee of a fast-food chain posts a video of an employee (including that person) doing something vile to food during its preparation. Working together, the CHRO and the lawyer will understand how a problem impacts internal stakeholders and can identify the company policies that could address the problem. It will also be useful to examine how these policies have been enforced in the past.

When crises are triggered by a government subpoena or a predawn raid to obtain company records, preparation is essential. Working with corporate counsel, the CHRO will identify what can and cannot be communicated to employees as the company first responds to the crisis.¹³

Designate Time and Space for Team Bonding

During the COVID-19 crisis, Wei Zheng, an associate professor of management at the Stevens Institute of Technology, conducted a study of how professionals were reacting to the disruption in the workplace. Zheng surveyed 187 people working in a variety of industries and occupations in New York and New Jersey, two states heavily impacted at the outset of the crisis. Among her findings were that 10 percent of the participants reported important benefits when their managers created opportunities for them to connect and bond with their coworkers.

The specific activities all had a human resource management slant, including the following: virtual coffee breaks, happy hours, lunches, time for story sharing, and games



A mass shooting in Marjory Stoneman Douglas High School in Parkland, Florida, led to an outpouring of grief.

Source: Humberto Vidal/Shutterstock

Wells Fargo Struggles to Cope with a Major Crisis

In 2016, federal investigators revealed that Wells Fargo had opened more than two million bank and credit card accounts for customers without obtaining their consent from 2011 to 2015. Some of these accounts had fake names, and others contained the names of customers who did not know they had opened a credit card account. Charges were even made of falsified customer signatures. Some of the fraudulent sales activity was attributed to the policy of cross-selling, or a goal of attempting to sell as many as eight products to each customer household. As a result of these bogus accounts, tens of thousands of unaware customers paid \$2.6 million in unwarranted fees (such as draft overcharges).

CEO John Stumpf and the executive team agreed to pay \$185 million in penalties. Several years later the settlement reached \$575 million. The bank fired 5,100 employees for creating unauthorized bank and credit card accounts. Stumpf gave back \$41 million of his compensation, and said, “We never directed nor wanted our team members to provide products and services to customers that they did not want.” Stumpf resigned in 2016, receiving a \$134.1 million retirement package. The bank was also fined \$1 billion for making auto-loan customers pay for car insurance they did not want and for charging home mortgage customers improper fees. In 2018, the successor CEO, Tim Sloan, told Congress that he was sorry for how the bank abused customers. One year later, Sloan was replaced as CEO by banking veteran Charlie Scharf.

Wells Fargo continues to suffer from the public relations consequences from its episode with unrealistic sales quotas, fake customer accounts, and incentives for associates to inflate sales. In 2019, Wells Fargo agreed to pay \$3 billion to resolve criminal and civil cases. Employees reacted to the unrealistic sales goals by creating accounts without the consent of customers, creating false records, or misusing customer identities.

As part of the agreement with regulators, Wells Fargo admitted to several misdeeds. The company said it collected millions of dollars in fees and interest that were unjustified, damaged the credit ratings of some customers, and illegally misused customers’ sensitive personal information. US Attorney Nick Hanna for the Central District of California said, “Simply put, Wells Fargo traded its hard-earned reputation for short-term profits, and harmed untold number of customers along the way.”

Managers and internal auditors warned senior executives at Wells Fargo that unachievable sales quotas were the source of many problems. But these admonitions were ignored or dismissed as actions of a few lower-level employees. As the story broke in 2016, Stumpf essentially placed blame on 5,100

lower-ranking employees who were fired because of their unethical actions against customers. He failed to acknowledge the role of corporate policy and executive decision making in establishing unrealistic sales quotas as being the true source of the problem. Even after the news of the scandal broke, the bank was slow to change its sales quotas.

To help cope with the many penalties and the loss of business attributed to the scandals, Wells Fargo had to reduce its staff by about 7 percent. The bank refunded customers any fees linked to the fraudulent accounts and lowered the intense sales pressure by moving to a more customer-service-oriented culture. The bank also opened an internal investigation of how the fraudulent practices had gone unnoticed and unreported for so long.

To help rebuild its reputation, Wells Fargo has taken constructive steps. Several advertisements in the print media admit the company made mistakes and include promises to do better in the present and future. The bank has also increased its corporate social responsibilities (CSRs) in recent years. In 2019 Wells Fargo announced that it provided \$23 billion in financing the initial year of its commitment to finance \$200 billion in environmental sustainability projects. Furthermore, the Wells Fargo Foundation made a \$10 million grant to the National Association for Latino Community Asset Builders as a way of supporting minority-owned business enterprises.

Wells Fargo leadership is struggling to demonstrate that a company founded in 1852 can continue to be “one of the few US public companies of that vintage that is still in business under its founding name.”

Questions

1. In what way did the misuse of goal setting contribute to the sales scandal at Wells Fargo?
2. How might the HR group at Wells Fargo have helped prevent or lessen the problems the company experienced that led to the crisis?

Sources: Original story based on facts and observations in the following sources: William Comcowich, “6 PR Crisis Management Lessons from the Wells Fargo Scandal,” *Glean Info* (<https://glean.info>), February 25, 2020, 1–4; Jenny Craddock, “Communicating Through a Crisis: Wells Fargo Circles the Wagons,” *UVA Darden Ideas to Action* (<https://ideas.darden.virginia.edu>), March 15, 2018, 1–4; Seth Arenstein, “Wells Fargo Still Struggling to Get It,” *PR News* (www.prnewsonline.com), September 27, 2018, 1–5; Emily Glazer, “Wells Fargo’s Textbook Case of Botched Crisis Management,” *The Wall Street Journal* (www.wsj.com), October 13, 2016, 1–6; “In Brief,” *Bloomberg Businessweek*, January 7, 2019, 7; Laura J. Keller and Shahien Nasiripour, “Wells Fargo’s Uphill Battle,” *Bloomberg Businessweek*, March 5, 2018, 31–32.

played over Zoom. One participant described a regular “Thirsty Thursday” meeting in which employees brought drinks to their virtual team meetings and played games like “Two Truths and a Lie,” and trivia to create a loose, relaxed feeling among team members. The investigation found that the playful activities helped workers get to know each other in an informal setting, helped reduce stress, and motivated them to perform well in their roles.¹⁴

The accompanying Human Resource Management in Action sidebar describes one of the best-known business crises in decades and how difficult it has been to resolve the crisis.

The Advantages and Disadvantages of Remote Work

As described in Chapter 1 and mentioned at various places in this book, remote work, telecommuting, or work from home has become a major aspect of how work is conducted for a variety of positions. Even prior to the pandemic, 43 percent of US employees were working remotely full time or part time.¹⁵ Despite the surge in remote work, many occupational and professional roles have to be carried out in person. Among these hundreds of roles are firefighter, police worker, surgeon, surgical nurse, washing machine repair technician, airplane pilot, postal carrier, dentist, dental hygienist, truck driver, and taxi driver. And many positions are better carried out in person rather than virtually, such as classroom teacher, college professor, motivational speaker, EAP counselor, and CHRO. During the height of the pandemic, it was estimated that 40 percent of the US workforce was working remotely.¹⁶

In addition to the home, remote work also takes place at cafés equipped with Wi-Fi, boats, and RVs (recreational vehicles). Microsoft is among the employers who provide remote touchdown spaces in suburban locations that allow workers to access secure networks and collaborate with other workers without having to drive long distances. Another possibility for working remotely is to work from a community center or coworking location alongside other telecommuters. A coworking location is an office site in which small amounts of space are rented, often for a day, to telecommuters or startup companies as well as freelancers.

An essential human resource management perspective about remote work is to carefully examine its advantages and disadvantages. As with most aspects of human resource management, almost every advantage is also matched with a disadvantage for some people and organizations. For example, it might be true that many white-collar workers are more productive working from home. Yet many white-collar workers do not have a home situation compatible with working from home, or they lack the self-discipline to work remotely. For these two groups, working from home has very limited productivity advantages.

The Organizational and Individual Advantages of Remote Work

A major reason that remote work has persisted in recent decades is that it offers many advantages to individuals and organizations. Working from home was originally referred to as *telecommuting* because of the electronic connection between worker and the employer. A complete history of working from home notes that the earliest at-home workers were hunter-gatherers going back hundreds of thousands of years. Early at-home work in the



Many white-collar workers do not have a home situation compatible with working from home.

Source: ChameleonsEye/Shutterstock

Middle Ages covered occupations such as bakers, seamstresses (a woman-dominated field), shoemakers, potters, weavers, ale brewers, and blacksmiths.

Before the Industrial Revolution, when work moved into factories, merchants and craftspeople created the first offices at home. These hybrid places of work and residences had street-facing shops or workshops and private areas set aside for day-to-day living. Although opportunities outside the home existed, some people continued to work for pay from their homes in the 19th and early 20th century. The work included doing laundry for outside customers, making baked goods to sell to factory workers, and doing finishing work for shoe and garment manufacturers.¹⁷

Increased Productivity. A study of knowledge workers working from home provides fresh insights about their productivity. The method of study was for participants to examine their calendars and list between six and ten discrete activities during the day, including attending a meeting, making a phone call, or responding to emails. Data were gathered on 264 activities from 40 individuals whose job involved the capacity to make sound judgments. The interviewer then asked the respondents to describe briefly what that activity involved, how long it lasted, and who else was involved. Productivity was measured by asking why they engaged in that activity and its value. The key findings suggesting that workers spent more time in productive activities were as follows:

- Working remotely helps people focus on work that really matters. The respondents spent 12 percent less time drawn into large meetings and 9 percent more time interacting with customers and external partners.
- Remote workers take more responsibility for their own schedules. People carry out 50 percent more activities through personal choice because they are seen as important and half as many because someone else asked them to.
- Remote workers view their work as more worthwhile, with the activities undertaken being perceived as more important to the employer and the employee. The number of tasks rated as tiresome dropped from 27 percent to 12 percent, and those that could be readily offloaded to others dropped from 41 percent to 27 percent.¹⁸

Because over 40 percent of the workforce shifted to remote work in 2020, early evaluations indicated productivity increases. Freelancing platform Upwork reported that one-third of hiring managers in two surveys observed that productivity rose in an eight-month period as a result of remote work. Lack of commuting time and fewer superfluous meetings were seen as productivity boosters.¹⁹ A caution about these productivity increases is that they may have been temporary spurts. According to Laszlo Bock, chief

executive of human resources at Humu and former HR chief at Google, some productivity gains from telework early in the pandemic may have been driven by panic and fear of job losses. Bock also noted that a large retailer his company works with shifted call-center activity to remote work. Call-center productivity surged by 38 percent when the pandemic hit but fell below pre-pandemic levels two months later.²⁰

Another productivity boost for remote workers and the organization is that sometimes videoconferencing can result in more client contacts than in-person meetings. Jordan Thompson, a 30-year-old financial planner in Atlanta, Georgia, said that his daily work routine had been going into the office meeting with clients. During the pandemic, the company office was closed, and he shifted to videoconferencing. He admits that with Zoom



Source: Robert Kneschke/Shutterstock

Videoconferencing can boost employee productivity.

meetings not having the client's full attention is an issue. Yet, instead of seeing five clients a day because of traffic limitations, he is able to see ten clients a day via video calls.²¹

Pre-pandemic surveys consistently show telecommuting programs increase productivity, usually by at least 25 percent. A contributing factor to the productivity advantage of telecommuters is they tend to be well-educated and self-motivated.

Low Overhead. Because employees provide some of their own office space, the company can operate with much less physical office space. A vice president of marketing research operations noted that because of its work-from-home program, the company was able to greatly expand its client load without acquiring additional space. With a work-from-home program, employees provide and pay for their own office or workshop, which they already possess.²² Another potential cost saving is that if workers are no longer working in high cost-of-living areas such as San Francisco, New York, or Toronto, they can be paid less. (This controversial topic is explored toward the end of the chapter.)

Access to a wider range of employee talent. Companies with regular work-from-home programs are usually deluged with résumés from eager job applicants. The talent bank includes parents (mostly mothers) with young children, employees who find commuting unpleasant, and others who live far away from their workplace. The Department of Labor regards telecommuting as an option for disabled workers who traditionally have few opportunities in the workplace. The disabled workers may have talents that otherwise might be overlooked.

Another way in which remote work programs provide access to a wider range of talent is through going beyond the local labor pool. On average, Americans work within 16 miles of their workplace, and about 98 percent live within 50 miles. Access to geographically dispersed talent is a major competitive advantage, and remote work makes such access feasible. Certain types of talent might be heavily found in one geographic area, such as technical workers in San Francisco; Austin, Texas; and New York City. A company in another geographic area might be able to recruit in these talent sources with the offer of remote work.

A related advantage of offering remote work options is that it may help attract and retain competitive talent. A talented individual who lives far away from the employer might appreciate a job being offered but is unwilling to relocate. If the individual in question can work from home most of the time, that individual might accept the job offer.²³

Direct Contribution to Sustainability Initiatives. Telecommuting makes a major contribution to sustaining the environment because people who work from home drive their vehicles less. As a result, air quality improves and atmospheric ozone levels decrease. Also, less congested highways and streets make for a better-looking environment.

Work Continuity During an Epidemic or Natural Disaster. A striking advantage of remote work is that it enables an organization to conduct some of its work when disaster strikes. After 9/11, many financial firms whose offices were destroyed during the terrorist attacks continued their work remotely until new office facilities could be found and the necessary equipment and furnishings installed. During the pandemic, Google permitted extensive work from home partially in response to new health regulations. Santa Clara County, California, where Google has its headquarters, required work to be conducted from home whenever possible.

Google employees were then allowed into the office only to take care of job responsibilities they could not perform from home. At the time, those working in a company office had to meet strict health guidelines. Each employee was required to have 250 square feet of individual space when in the office and had to wear a mask. Google leadership remained cautious about employee health and decided to keep its staff working remotely until July 2021. The remote work continuation affected all of the approximately 200,000 full-time and contract employees working for Google parent Alphabet Inc.²⁴

High Flexibility for the Worker. A huge benefit working remotely provides to the individual worker is flexibility in terms of juggling work and personal interests. Among these areas of flexibility are fitting in workouts and lunch breaks during hours they could

not do so previously and also moving to preferred geographic locations. An example of flexibility with respect to geographic location is that many workers who had worked in downtown New York City and commuted from the suburbs or within the city moved over 100 miles away yet retained their jobs. When the need arose to spend time in the office, the occasional 100-mile commute each way to them was a fair trade-off.

Saving the Employee Time. Working remotely can save employees considerable time that they can invest in their personal lives or even career improvement. Before the pandemic, Americans spent an average of 52 minutes each day in commuting to and from the office. In the New York metropolitan area, it is not unusual for workers who live in nearby towns to spend three hours per day commuting. Some commuters drive a car to the train station in the town where they live, take a train to Manhattan, and then take a bus from the train station to arrive at work. Shifting to remote work for even two days per week could save workers considerable time, as well as substantially reduce commuting costs. A sales executive interviewed by two researchers said, “Instead of spending three hours driving to and from a client’s site for one meeting, I can have five meetings and probably make five times the sales impact.”²⁵

The Organizational and Individual Disadvantages of Remote Work

Work-from-home programs must be used selectively because they pose disadvantages for both employee and employer, as described next.

Workers Feeling Exploited. Remote workers can be exploited if they feel compelled to work on company problems late into the night and on weekends. The many potential distractions at home make it difficult for some telecommuters to concentrate on work. Telecommuters are sometimes part-time employees who receive limited benefits and are paid only for what they produce. As one telecommuter, a data entry specialist, said, “If I let up for an afternoon, I earn hardly anything.”

Decreased Feelings of Alignment and Being Connected. Not being at the office with coworkers can lead to feelings of not being aligned with others and not being part of the organization. When one-half of Facebook employees were working from home during the pandemic, CEO and founder Mark Zuckerberg reported that many of them wanted to get back to the office as soon as possible. What these employees missed the most were the free-flowing conversations and in-person connections.²⁶ (Even for Facebook employees, digital communication may not be sufficient to build meaningful relationships.)

Decreased Creativity and Innovation. A major concern about remote work programs is that the organization may miss out on some of the creativity that stems from the exchange of ideas in the traditional office.

In 2013 Marissa Mayer, CEO of Yahoo! at the time, banned telecommuting at the company. Her decision was heavily criticized, but Mayer believed that the company was losing some of its creativity and feelings of being connected to each other and Yahoo!.

Weaker Employee Identification with the Organization. Another problem with remote work is that the activity can impact a worker’s identity toward being self-employed and away from being part of the organization.²⁷ A worker who spends very little time on company premises is less likely to express a sentiment such as “I am a Bank of America associate.” The weaker identification with the organization makes building a strong organizational culture more difficult.

More than 50 percent of 2,050 full-time employees across many industries who responded to a Prudential Financial Inc. survey in 2020 said they felt less connected to the organization as remote workers. Prudential Vice Chairman Robert Falzon said that he worries about a slow decay in company culture if remote work were to continue for a long time.²⁸

Slowness in Coordination and Problem Resolution. It may take workers longer to coordinate and resolve problems when they are working virtually than gathered together in one physical location. A startup in San Francisco, Chef Robotics, which began a program of remote work in response to the pandemic, missed a key product deadline by a month

when it was hampered by the challenges of testing and integrating software with the software engineers dispersed across the Bay Area. CEO Rajat Bhageria said that problems that took only an hour to resolve in the office stretched to a day when the engineers were working remotely.²⁹

Reinforcement of Negative Tendencies and Self-Defeating Habits. Working from home can reinforce negative tendencies: It will facilitate a workaholic to work harder and longer, and it will give a procrastinator ample opportunity to delay work.³⁰ A problem experienced by many people who work from home for the first time is that they overeat, leading to potential problems of obesity and diabetes. Close proximity to a refrigerator and pantry is too strong a temptation for some people working from home.

Problems of Supervising Some Employees. Many employees require regular supervision to perform well based on their normal human need for structure and guidance. Workers at home who are not performing measured work are difficult to supervise: Working from home gives employees much more latitude in attending to personal matters during work time. With so many teleworkers conducting work at coffee shops, many of them may drift away from being focused on company goals during the workday.

Worker Loneliness. Another disadvantage of telecommuting is that home office-bound workers can feel lonely. Management professors Kevin W. Rockman and Michael G. Pratt conducted research at a Fortune 100 company in Silicon Valley that freely allowed off-site work. A key finding was that employees who continued to work from their office at home wound up feeling lonely and disconnected. They found themselves deprived of energizing interactions, such as spontaneous hallway interactions and impromptu office conversations.³¹

A more recent study of 1,153 workers provided more evidence about the possible loneliness consequences of remote work. Fifty-two percent of the workers surveyed said they work from home at least part of the time. When working from home, many feel that coworkers do not treat them equally. Remote workers are more likely to report that colleagues mistreat them and leave them out of key discussions, and do not share important information with them. Specific worries include coworkers saying negative things behind their backs and making changes to projects without giving them advance notice. Feelings were also reported of coworkers lobbying against them, and not backing their priorities.³²

Loneliness can have severe health consequences. Research suggests that intense loneliness has the same negative effect as 15 cigarettes per day in terms of health-care outcomes and health-care costs. Lonelier workers tend to have low job performance, have higher voluntary turnover, experience lower job satisfaction, and receive fewer promotions.³³

Possible Career Retardation. A person in the process of building a career who wants to develop valuable contacts on the job should minimize working remotely. Establishing face-to-face relationships remains highly important for career advancement, even if a large part of the workforce works from home. Career advisors often say that it can be difficult to climb the career ladder when no one can see you. Videoconferencing gives a person some visibility, but it lacks the same impact as being observed in person, including influential people observing an individual's seriousness of purpose. The best projects, promotions, and transfers often go to the workers who are physically present in the office.

Cali Yost, the chief executive and founder of workplace consulting company Flex + Strategy Group, writes that in the traditional office, people could see you plugging away each work day. "If you were showing up and sitting in your seat every day and maybe



Source: Claudia K/Shutterstock

Working from home can increase distractions and reinforce negative tendencies, such as drifting away from being focused on work goals.

getting in a little earlier than they did, you were a top-notch worker.” Remote workers can overcome the limited visibility problem by providing managers with frequent progress updates and explaining how they are working on organizational priorities.³⁴

Missing Out on the Social Aspects of the Traditional Workplace. For many workers, the worst thing about working from home is missing out on the social aspects of workplace life. Many people enjoy interacting with coworkers, wearing stylish clothing to the office, taking lunch breaks and other work pauses, and the occasional joking and kidding that take place on the job. The gossip that takes place on the job is another source of job satisfaction for many workers. Furthermore, many people enjoy commuting in public or private transportation. Among its positive points are listening to the radio, making social phone calls, and for some people the sport of navigating through traffic.

The contribution of the workplace to social life can be inferred from several quantitative findings. About 27 percent of workers say they are open to engaging in romantic relationships with coworkers. Twenty-two percent of married couples in the US met at work. Working from home offers much less opportunity to find romantic prospects working for the same employer.³⁵

Hardship Created by Living Situation Incompatible with Working from Home. For many workers, working from home is a difficult, stressful, and almost intolerable situation. To work from home successfully, people need a physical area available for work and freedom from too many interruptions. The extreme example of several people living together in a small, cramped apartment with two pets and three preschool children illustrates how difficult working from home can be. A related factor is that the person working from home might be perceived by other members of the household as not really working.

Couples spending night and day together can also lead to verbal and physical conflict. In the US, sales of online self-help divorce kits rose 34 percent in the spring of pandemic year 2020, in comparison to the previous year. The same year, family lawyers surveyed reported a 25 to 35 percent increase in requests to commence divorce proceedings compared to 2019.³⁶

Financial Hardship for Merchants Near Office Buildings. Office workers are a necessary customer base for downtown merchants, including restaurants, retail stores, bars, and medical offices. Telecommuting may translate into less highway traffic and fewer meals eaten in restaurants. As a result, the service-station owners and fast-service restaurant proprietors have less income. Downtown car dealers and repair shops also suffer when their customer base shrinks as a result of so many employees shifting to work from home, even two days per week.

In recognition of the potential disadvantages of remote work, several major business organizations reduced or eliminated their telework programs in the several years preceding the pandemic. Among these companies are The Bank of New York, Mellon Corp., IBM, Yahoo!, Aetna, and Best Buy. The reasons offered for the cutback follow the disadvantages mentioned previously. According to an interview study conducted by the Society for Human Resource Management, two major concerns about telework stand out. One reason is that collaborating remotely can be difficult. Proximity boosts productivity, particularly when collaboration is required. Creativity, as part of productivity, is often thought to be enhanced when people bat around ideas in person in the office. The second major concern is that remote workers feel less engaged in their work and less connected to the organization.³⁷

Elements of a Successful Remote Work Program

Understanding the potential disadvantages of remote work helps provide human resource managers guidelines for the implementation of a successful remote work program. A key example would be to not force employees into remote work who do not want to work from home because their living arrangements are incompatible with such activity. The discussion in Chapter 4 about selecting employees for a flexible work schedule is relevant

1. Work to build team spirit.
2. Encourage widespread participation at virtual meetings.
3. Restructure jobs as needed to better fit remote work.
4. Stay in contact with remote workers.
5. Rotate meeting times to accommodate people in different time zones
6. Provide the right training and technology to remote workers.
7. Minimize meeting fatigue.
8. Offer remote work as an employee benefit.
9. Establish a reasonable policy on adjusting pay to where remote workers live.

FIGURE 15-3 Elements of a Successful Remote Work Program

here. Two points are particularly important. First, workers given the opportunity to work remotely should have the necessary self-discipline to be able to work independently and not require close supervision. Second, the opportunity to work remotely should not be based on favoritism. All those workers who merit the opportunity should receive equal treatment.

Here we describe major success factors for remote work programs, as outlined in Figure 15-3. A reminder is that not all remote workers work from home. Many choose to work from cafés or even low-rent coworking spaces and a small percentage from recreational vehicles. A few affluent remote workers even choose to work from their yachts.

Work to Build Team Spirit. To overcome the potential of remote workers feeling disconnected from the organization, the group leader must emphasize ways of emphasizing team effort and the importance of collaboration. During videoconferences, the leader should emphasize that each member of the organizational unit is part of a team.³⁸ It helps for the team leader to make occasional references to her own personal life and the personal life of team members, such as light questions about the team members' families and personal interests. Making frequent mention of the contribution of different team members can serve as a subtle reminder that the group is a true team. Frequent use of the words and phrases such as *we, us, our team, our goal, and Here is what we need to accomplish this week* also helps build team spirit.

Encourage Widespread Participation at Virtual Meetings. Encouraging widespread participation at meetings is another way of building team spirit and at the same time fostering needed collaboration on joint projects. An HR representative can sometimes work as a facilitator who asks individual participants for their contributions when these individuals remain silent or are focused on other work while at the meeting. The facilitator can also help prevent one or two individuals from hogging meeting time. The meeting leader should also feel free to call on participants who have not yet provided their input.³⁹ Another potentially effective way of obtaining widespread participation is to have participants brainstorm an important problem facing the group, such as finding a new label for a product when the existing label or name has become controversial.

Restructure Jobs as Needed to Better Fit Remote Work. Many positions are not optimized for remote work because when work is performed virtually, the organization has to rely on delayed, asynchronous communication. The capacity for spontaneous communication is lost when workers can no longer check in with teammates simply by stopping by their desks. Remote work also makes it difficult to pick up nonverbal communication signals such as facial expressions of approval or disapproval. It might be necessary to provide more specific job descriptions and reporting lines, along with guidelines for how to get work accomplished. Another recommendation is to structure teams and tasks such that employees assigned to a particular task all work in person or virtually. Hybrid

teams composed of both remote and on-site employees often present communication challenges.⁴⁰

Stay in Contact with Remote Workers. To help remote workers feel less isolated and left out, the manager should find constructive ways of staying in touch with them. Staying in touch helps remind remote workers that they are still considered an important part of the team. The manager should communicate clearly all expectations for the project, as well as deadlines.⁴¹ A friendly email or text message asking “How is the project going?” or “Need any help from me?” also might work well. The contact could be every few days, once a week, or every two weeks, depending on which cadence appears to be the most effective. Staying in touch, however, must be balanced against the problem that remote workers are typically flooded with electronic messages from each other. A related tendency is that many remote workers send excessive messages and updates to superiors to ensure that they aren’t being overlooked.

Virtual meetings are a natural vehicle for staying in touch with remote workers, but they too must not be overused. Meeting fatigue (also known as Zoom fatigue) can be minimized by scheduling meetings only when truly necessary and encouraging group members to contact each other for valid reasons outside of meetings.⁴²

Rotate Meeting Times to Accommodate People in Different Time Zones. Rotating meetings between times that are convenient or inconvenient for each location is a best practice for virtual workers in different time zones. The idea is to prevent one group from having the luxury of a 10 a.m. regular meeting while another group has that meeting a 7 a.m. Even if the entire team is in one time zone, rotating the times of meetings can match different time preferences and demands—such as having to greet a child deboarding a school bus at a given meeting time.⁴³

Provide the Right Training and Technology to Remote Workers. A well-designed onboarding experience is an effective way to familiarize employees assigned to work remotely with the tools, such as video technology and collaboration platforms, they will need to perform well.⁴⁴ Many employees will need to install software for Zoom meetings as well as other virtual meeting software, and perhaps need some coaching on how to use the software, including how to project PowerPoint slides on Zoom.

A frustrating problem for many employees who shift to working from home is that their Internet service lacks sufficient bandwidth to quickly process the amount of data used for company communications. Similarly, the employee working from home might not have a powerful or modern enough computer or the appropriate software to meet the demands of performing the job. The manager and company must decide how much technology equipment employees will be provided. In the early days of telecommuting, companies installed the right communication technology in employees’ homes because few owned the appropriate equipment.

Minimize Meeting Fatigue. Earlier we described the problems of remote workers feeling left out of the mainstream of work. The opposite human resource management problem is that many people working from home are exhausted from the heavy video-conference meeting demands they experience. Because of these heavy meeting demands, many workers have to spend an hour or two at night catching up on email messages as well as doing their individual work.

In light of this problem, in recent years many companies have adopted a norm that dictates shorter videoconference meetings. The team itself can also develop its own norm for meeting length. One virtual team decided that their typical practice of one-hour meeting norm was triggering Zoom fatigue, so they changed meeting times to 45 minutes.⁴⁵

Offer Remote Work as an Employee Benefit. Previously, we mentioned that a remote work program offers a recruiting advantage by attracting a wider range of potential job candidates. This observation can be capitalized on by offering remote work as an employee benefit to both present and prospective employees. Jen Schramm, a manager of the Workforce Trends program at SHRM, notes that telecommuting benefits have been on the rise in recent years. By 2020, 50 percent of US employers permitted flexible working

hours or employees to work from locations outside the office. It is important to recognize, however, that the pandemic triggered a surge in remote work.⁴⁶

Even after the pandemic, Microsoft allowed most employees to work from home routinely, providing that time added up to less than one-half of their work week. Microsoft Chief People Officer Kathleen Hogan said that the benefit of work schedule flexibility is now standard for most roles.⁴⁷

Establish a Reasonable Policy on Adjusting Pay to Where Remote Workers Live. A long-standing employee compensation issue is how to adjust pay for workers who live in areas with substantially different costs of living. An example of the difference is that living in the San Francisco Bay area is about 32 percent more expensive than the US average. The Consumer Price Index does not tell the entire story, however, particularly with respect to the cost of housing. An average four-bedroom house in the most expensive metropolitan areas might cost \$1,500,000, whereas the same house might cost \$300,000 in an inexpensive area. Similarly, the rent for a two-bedroom apartment in the highest cost-of-living area might be \$7,000 per month but \$1,200 in a low cost-of-living area. These differences in cost of living usually translate into higher salaries for employees who work in expensive locations, such as the New York City, San Francisco, and Washington, DC, metropolitan areas.

The current controversy about income differentials based on where workers live was precipitated in 2020 by Facebook CEO Mark Zuckerberg. He said that Facebook Inc. employees who work remotely and elect to change geographic locations will be paid based on their new location. Several other firms decided to implement a similar pay policy. Jennifer Tejda, chief executive officer of PagerDuty, said that the San Francisco-based firm will continue to pay personnel based on local benchmarks. Stripe Inc. made one-time payments of \$20,000 to employees who relocated from the Bay area or New York, while cutting salaries as much as 10 percent.

CEO Stewart Butterfield of Slack Technologies Inc. refined the company's compensation bands based on geographic location. He also summarizes the two points of view with respect to location-based pay. One argument is "I should get paid the same for the same work everywhere." The counterargument is "It's not fair that I get paid the same as the person whose cost of living is 40 percent less than mine."

The essential argument is that employees doing the same job for an employer and providing the same value should be paid the same. Furthermore, if employees can perform their work in any geographic location, living in an expensive geographic area is a personal choice. The employer should not be required to provide higher compensation to employees because of their lifestyle preferences. It has been said that the flip side of the "Why do employees in less expensive areas need as much money?" becomes "Why does the company need people in San Francisco or New York?"

Fairness is another issue when companies take into account geographic location in establishing employee pay. For example, compensation for senior executives is rarely linked to the location of a company's headquarters. And there is no clear consensus on whether telecommuters who choose to move to a costlier area should receive a salary increase.

One tentative solution to the controversy of remote worker compensation taking into account geographic location is the following: Establish compensation bands, such as the three used by Brex, a San Francisco-based Fintech company. For example, an employee who relocates from the Bay area or New York to Massachusetts or Austin, Texas, receives a 15 percent reduction to their salary and equity awards. A move to Utah or Georgia requires a 30 percent reduction. Yet an employee living in Utah who relocates to the Bay area will only receive a commensurate increase if there is a clear business need for the relocation.

A second approach to location-based pay for remote workers essentially eliminates the differences. Business enterprises should develop a national average determined from pay levels in a number of different cities and pay remote workers at that rate regardless of where they live.⁴⁸

Summary of Key Points

1. Identify several human resource consequences of organizational crises.

Crises affecting organizations include those related to finance, information, destruction of property, reputation, and violent behavior. The most obvious human resource management consequence is an elevated stress level for many employees. Some of the stress is linked to job insecurity. During the pandemic that affected individuals and organizations, the most common negative emotions were feelings of anxiety, sadness, and anger. Individuals should take steps to deal with the stress caused by the crisis, including thinking about three good things that have happened and practicing self-care.

A survey showed that almost half of the organizations polled experienced a productivity increase, but many employees increased their working hours and spent more time in meetings. Burnout increased, work and personal life balance decreased, and mental health problems increased.

2. Describe at least four human resource management strategies and tactics for managing an organizational crisis.

Human resource management strategies and tactics for managing an organizational crisis include the following: (a) emphasize a united effort, (b) reestablish the work routine, (c) give recognition for accomplishments, (d) display sadness and compassion, (e) communicate extensively about the crisis, (f) promote psychological safety, (g) project bounded optimism, (h) provide EAP services following the crisis and stay involved, (i) ensure that the CHRO works closely with the legal counsel, and (j) designate time and space for team bonding.

3. Pinpoint at least three advantages and disadvantages of remote work.

Even prior to the pandemic, 43 percent of US employees were working remotely part time or full time.

Despite the surge in remote work, many occupational and professional roles have to be carried out in person. Remote work has to be carefully examined in terms of its advantages and disadvantages. Before the Industrial Revolution, when work moved into factories, merchants and craftspeople created the first offices at home.

The potential advantages of remote work include the following: (a) increased productivity, (b) low overhead, (c) access to a wider range of employee talent, (d) direct contribution to sustainability initiatives, (e) work continuity during an epidemic or natural disaster, (f) high flexibility for the workers, and (g) saving the employee time.

The potential disadvantages of remote work include the following: (a) workers feeling exploited, (b) decreased feelings of alignment and being connected, (c) decreased creativity and innovation, (d) slowness in coordination and problem resolution, (e) problems supervising some employees, (f) worker loneliness, (g) possible career retardation, (h) missing out on the social aspects of the traditional workplace, and (i) financial hardships for merchants near office buildings.

4. Describe at least four elements of a successful remote work program.

For a remote work program to work well, the right employees should be chosen, and favoritism in making work-from-home assignments should be avoided. The elements of a successful remote work program include the following: (a) work to build team spirit, (b) encourage widespread participation at virtual meetings, (c) restructure jobs as needed to better fit remote work, (d) stay in contact with remote workers, (e) rotate meeting times to accommodate people in different time zones, (f) provide the right training and technology to remote workers, (g) minimize meeting fatigue, (h) offer remote work as an employee benefit, and (i) establish a reasonable policy on adjusting pay to where remote workers live.

Key Terms and Phrases

Crisis, p. 353

Bounded optimism, p. 358

Discussion Questions and Activities

1. In which of the cells in Figure 15-1 would you place the Wells Fargo crisis?
2. Give an example of a compassionate statement a CHRO might make to employees in a department that will soon be outsourced to another country.
3. What are your thoughts about the effectiveness of management sending text messages to employees to update them on the status of the crisis?
4. What do you think of the idea of providing more happy hours to help employees get through a crisis?
5. How effective would it be for a CHRO to work remotely 90 percent of the time?
6. What objections might an ambitious, early-career professional have to working from home four days per week?

7. What have you observed is the major way people who work from home waste time and goof off?
8. List five work-related expenses a worker might have that would be reduced by working from home.
9. Instances have been reported of professionals who have been instructed to rent a small apartment to conduct their remote work. What is your opinion about the employer's responsibility for paying the rent?
10. What type of policy might HR establish to guide work-from-home employees about establishing regular working hours?

Skill-Development Exercise: The Productivity Challenges Facing Remote Workers

The purpose of this skill-development exercise is to get a first-hand look at the productivity challenges remote workers face despite all the reports of exceptional productivity of employees who do not have to perform their work in a traditional office. Identify several people in your network who work from home part or most of the time, including the self-employed. Ask these people what they have found to be one or two major challenges to being productive while

working remotely. Question your respondents both about possible personal tendencies and habits that could lower productivity, as well as problems created by their employer.

It would be helpful to compare the results of your informal survey with the results obtained by several classmates. Do you find any consensus about productivity challenges faced by teleworkers? How do your conclusions compare with the disadvantages of remote work reported in this chapter?

CASE PROBLEM: How Do I Get Noticed Working from My Apartment?

Haley is a training specialist for an investment bank in Boston. Her specific responsibilities include developing training programs for bank tellers, customer-relations specialists, and security guards. Haley aspires to become an HR manager and then eventually a CHRO at a financial institution.

Two years ago, her employer greatly expanded the company's remote work program, with the intent of substantially reducing the money spent on leasing office space. About two-thirds the workforce was assigned to work from home at least four days per week, and many employees were asked to work from home five days per week. Exceptions were made for people whose lifestyle and living arrangements were incompatible with working from home. The exceptions included those employees who cohabited with at least four family members in a small house or apartment. Haley lives with her sister in a two-bedroom apartment in downtown Boston, so she did not qualify for the exemption from telecommuting.

Haley was asked to telecommute five days per week, with the exception of occasional visits to the company office, particularly when a classroom training program was in operation. She at first enjoyed working from home close to full time. The time saved from commuting on the bus and getting dressed for the office was a relief. Haley also like the idea of being able to take her dog out for a walk when she scheduled a work break during the day. She also enjoyed the freedom of being able to take care of personal errands during the day, such as going to dental appointments, making trips to the veterinarian,

and helping her parents deal with emergencies. Haley also enjoyed the opportunity to work steadily without interruption from coworkers.

After about six months of working remotely almost five days per week, Haley developed some uneasy feelings about how her career was going. She recognized that she was invited to fewer meetings, even those conducted virtually. During her occasional visits to the office, she had difficulty making casual contact with her manager or coworkers because of so many routine tasks she needed to accomplish. Haley also had to sort through whatever postal mail addressed to her had been sent to the company office.

Another of Haley's concerns was that her immediate manager, James, and his manager were no longer complimenting her work. Haley continued to submit training materials to James, and he would acknowledge their receipt but without much feedback. Haley was invited only twice to attend the many training programs for which she had developed curriculum. Haley had her annual performance appraisal, but it was conducted in a perfunctory manner on Zoom.

One night during dinner with her sister, Brooke, a high school social studies teacher, Haley expressed a few of her career concerns in these words, "I think this working from home almost full time is damaging my career plans. James says I am meeting the expectations of my role, but he says almost nothing about my career plans. I am treated like a training outsourcing firm. I get paid for doing my job, but no manager takes a personal interest in me. I feel that I fit the old cliché of 'Out of

(continued)

CASE PROBLEM: How Do I Get Noticed Working from My Apartment? (Continued)

sight, out of mind.' When I was working at the company office, I felt like I was being noticed."

Brooke responded, "You are probably right, Haley. You can't expect to climb the corporate ladder if you are unnoticed. I might see you starting work early and leaving late, but nobody in your company does."

Haley said, "We both agree then. I have to develop a plan to be noticed at my company, or I will stay on a career plateau. Or maybe I should post my résumé on Indeed."

Case Questions

1. What actions do you recommend that Haley take to be more noticed by her manager, other managers in the company, and coworkers?
2. What recommendations would you make to James to provide a better employee experience for Haley?
3. What about Haley just continuing to work hard and perform well, with the expectation that she will eventually be noticed as an HR professional with potential for promotion?

Endnotes

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