

The Rackspace Technology Trends Viewpoint

Volume 4

The Future of Work



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Introduction

The last 5 years has workers teetering at the threshold of a major shift in the way we approach work, and COVID-19 pushed us over that threshold and through the door.

The 2020 pandemic was a catalyst for workplace changes, including more than one-third of the US workforce moving to a remote model¹ and many employers offering employees flexible schedules to accommodate children participating in distance learning, taking care of family members, and other personal responsibilities.

As a result, we've emerged with a very different view of what work can (and should) look like post-pandemic.

Employers have seen firsthand that employees don't need to be in the office in order to be productive, prompting some companies like Zillow, Capital One and Salesforce to extend remote work as a long term or even permanent scenario.²

The desire for flexible work accommodations (both in terms of location and schedule) has gained newfound significance for employees across generations — from Baby Boomers to Gen Z — with 50% of the workforce reporting that flexibility is more important to them post-pandemic.³

This is why we believe the future of work will revolve around the questions of **where**, **when**, and **(any)where**.

The answer to “where” work gets done lies in the tug-of-war between working from home and returning to the office. While many have been quick to announce the rise of hybrid workplace models as a way to get the best of both worlds, the idea of the hybrid workplace may be more comforting than it is realistic. We explore why employers must carefully consider the pros and cons as they move forward.

As for “when” work gets done, the pandemic has made it clear that it's time to move away from looking at time. The future of work demands a shift in how employee performance is measured, with far less scrutiny on how employees spend their time on the clock and more on what they contribute.

Finally, the focus on working from “anywhere” gives employees not only the opportunity to work from home, but also for “home” to be wherever they want. Allowing employees to live anywhere brings benefits for both companies and their staff, but employers need to prepare for the logistics of this — especially those that didn't have any experience with out-of-state employees pre-pandemic.

1. https://www.ncci.com/SecureDocuments/QEB/QEB_Q4_2020_RemoteWork.html

2. <https://shrm.org/hr-today/news/hr-news/pages/study-productivity-shift-remote-work-covid-coronavirus.aspx>

3. <https://www.linkedin.com/pulse/how-pandemic-changed-us-our-fastest-rising-priority-job-george-ander>

Trend #1:

The hybrid workplace is a myth

Hybrid workplace sounds good, but current tech can't support it. Employers must choose between working remotely and returning to the office.

What's happening?

Employers are setting their sights on hybrid workplaces, with the goal to allow some staff to work remotely while others work in the office, or to allow staff members to choose when they want to come into the office at will.

The hybrid dream comes as employers are eager for the return to the office, but employees are in no rush to give up remote work. Employers know that the more remote-friendly they are, the higher chances they have of attracting the talent they need. As many as 59% of workers express being only interested in considering roles that allow them to work from any location.⁴ The pandemic also opened their eyes to the fact that remote work is not only possible, but often results in higher productivity.

The idea is understandably an attractive one. The problem is that from a technology standpoint, we don't have the infrastructure to make hybrid workplaces successful right now.

It's challenging to set up an office to promote in-person collaboration and workflow, while also being inclusive of remote employees. It requires investment in the right IT infrastructure, tools for virtual collaboration, and physical office upgrades. Even with conference rooms outfitted with the highest tech, the people sitting in the room will have a very different experience than those on the other side of a screen.

When some people work at the office full-time, those who work 100% remotely or even half the time, will lose out on valuable interactions and networking opportunities. Employees aren't likely to stay at the company long if they don't feel connected or included in the workplace culture.

The hard truth: hybrid workplaces aren't going to work (at least not with the tech available right now). Employers need to choose one or the other as the primary model for the entire company.

4. <https://www.gartner.com/smarterwithgartner/digital-workers-say-flexibility-is-key-to-their-productivity/>

Why choosing between remote and in-office matters to business leaders

Part of the appeal of the hybrid workplace is likely in letting employers off the hook for making a choice between the two work styles.

Companies know there's no going back to pre-pandemic expectations — in which the office was widely accepted as the only place to do productive, high-quality work — but that doesn't mean there's no value in in-person collaboration, either. Employers need to make going into the office feel purposeful.

The dream of the hybrid workplace recognizes the need for both: to accommodate remote work and to foster in-person interaction.

Employers will be wise to choose one style (remote or in-office) as their primary work model, and then build policies and a culture that strategically includes the other model.

If you decide to embrace remote work, schedule times when everyone is required to come into the office. Remote-first companies often plan company-wide retreats on a regular schedule to foster in-person collaboration time. For companies where employees are located close to each other, plan brainstorming days, strategy sessions, or office events. This must be standard across the board — it falls apart if a handful of people can still opt to work remotely on these days

If you commit to returning to working in the office, plan opportunities for remote work such as Flexible Fridays, an entire work-from-home week each month or allot each employee the ability to choose four days a month to work remotely.

Trend #2:

Where did the time go? It doesn't really matter

Employers need to stop measuring how employees spend their hours, and instead start measuring outcomes.



What's happening?

Although employers are embracing remote work now that they've seen its success, they are still struggling to trust their employees without micromanaging them.

Even though employees have long expressed (even before the pandemic) that they'd be equally productive if allowed to work from home, companies didn't take their word for it. 2020 saw a surge in demand for monitoring software and surveillance tools.

Employees have expressed frustration over these tools, which for example can require remaining logged into all-day video calls during the workday to prove that they are working. Others have complained about employers leveraging the webcams on company-owned devices or software that tracks mouse clicks, keyboard strokes and webpage visits to ensure their employees aren't slacking off.⁶

5. <https://www.bloomberg.com/news/features/2020-03-27/bosses-panic-buy-spy-software-to-keep-tabs-on-remote-workers>

6. <https://www.npr.org/2020/05/13/854014403/your-boss-is-watching-you-work-from-home-boom-leads-to-more-surveillance>

Why changing the way employee performance is measured matters to business leaders

This type of supervision — and the mistrust of worker productivity — is not only outdated, but unnecessary. Allowing workers more autonomy over when they get their work done tends to lead to higher outcomes and productivity.

In particular, this strategy will hurt company's reputations among Millennial, Gen Z and technology workers, who place a high priority on having autonomy over their time and a high level of trust from their employers.⁷

Employers will be better off measuring employee outcomes and contributions rather than how they spend their time. It's not just what workers expect, but also what benefits the company more. Employees are more likely to feel satisfied and invested in their job when they can fit their schedule to their lifestyle, and job satisfaction correlates directly to productivity.

Allowing employees some level of flexibility over their time is also a powerful strategy for employee retention. Moving to a different job becomes more difficult and less desirable when it means giving up autonomy over your time and schedule.

7. <https://www.businesswire.com/news/home/20210525005061/en/Born-Digital-Poised-to-Deliver-Substantial-Economic-Gains-%E2%80%93-But-They%E2%80%99ll-Need-Some-Help>

Trend #3:

Home is where the taxes are — but so is work

It's up to employers and governments to make "work from anywhere" actually work.



What's happening?

Employers are interested in allowing employees to live anywhere, but they are running into logistical challenges with legal and tax compliance across US states.

Remote work brings incredible opportunities not just for employees, but for employers who are able to open their talent pool beyond regional locations. When your company is set up for remote work, you can compete for top talent regardless of region, and offer those talented candidates the benefit of not being required to move their family to join your team.

The “work from anywhere” trend is compelling for all parties, but it comes with a lot of logistical considerations. For example, in the United States, companies must solve for legal and tax compliance in each state where their workers reside, and because each state has the right to create its own tax laws, these laws vary widely.

Why the tax implications of allowing workers to live anywhere matters to business and government leaders

Having just one employee who works from home in another state or country creates a tax liability for a business. The employer must consider income tax withholdings, unemployment insurance, corporate taxes and other local employee or employer tax responsibilities of that state.

This means which state the employee lives in suddenly matters a lot. If an employee lives and works in a state with a lower tax rate than the employer's state, the business may be able to save some costs. On the other hand, some states effectively double-tax employees and employers in these situations. This will be harder for small and medium businesses who don't have the resources or policies in place yet to accommodate workers across all 50 states.

The interest in addressing cross-state employment taxes doesn't fall entirely to employers. The truth is states are often hurting themselves when they make it harder for employers to hire remote workers that live in that state. The pandemic has caused many US states to rethink their policies on employment taxes for workers who live (and work) in a different state than their employer.⁸ Some have drafted new legislation to accommodate businesses that don't have a physical location, or employees that make temporary or permanent moves to their state while working for an employer in another state.

Legislative changes will take time, of course. What this market needs is a catalyst to shake things up the way Uber and Lyft shook up the gig economy — a disrupter who will challenge the standard regulations and laws, and force faster changes.

Until that disruptor comes along, employers must consider compliance when designing their own remote work policies. Will you allow remote workers to live outside of the business' home state? Will you limit employees' ability to relocate to certain states? For small and medium businesses, the wise move is to allow their workers to live anywhere that they already have legal status to hire in.

8. <https://www.cfo.com/tax/2021/03/remote-workers-alter-state-taxes/>

The final word:

**We must be careful
not to let remote work
become isolated work**



The final word

The workforce is ready for flexibility in terms of where and when they work, but if employers and employees aren't careful, being able to work from anywhere and at anytime can easily lead to a lack of human connection. This would negatively impact employees' mental health and job satisfaction, and business' growth.

Innovation comes from interaction.

Despite employees' desire to be able to work from anywhere and have control over their own schedule, they also want connection with other people.⁹ They are smart enough to recognize the importance of connection for not only their own job satisfaction and wellbeing, but also productivity and outcomes on the job.

While hybrid workplaces may be a dream for now, employers should continue thinking about a hybrid work experience. It will become important to the future of work to balance autonomy with human connection, and flexibility with togetherness.

9. <https://www.cnet.com/news/gen-z-is-getting-screwed-by-remote-work-new-microsoft-survey-says/>

About Solve

Solve is a thought leadership destination for technology leaders. On Solve you can discover perspectives from industry experts around digital transformation, trends, innovation, operations — all to help you determine your best path forward. Usually, there's more than one path to success. Your path will be unique to your needs and your organizational culture. That's why we've named our hub "Solve" — we're here to help you identify how each piece of your ideal solution should fit together.

About Rackspace Technology

Rackspace Technology is the multicloud solutions expert. We combine our expertise with the world's leading technologies — across applications, data and security — to deliver end-to-end solutions. We have a proven record of advising customers based on their business challenges, designing solutions that scale, building and managing those solutions, and optimizing returns into the future.

As a global, multicloud technology services pioneer, we deliver innovative capabilities of the cloud to help customers build new revenue streams, increase efficiency and create incredible experiences. Named a best place to work, year after year according to Fortune, Forbes, and Glassdoor, we attract and develop world-class talent to deliver the best expertise to our customers. Everything we do is wrapped in our obsession with our customers' success — our Fanatical Experience™ — so they can work faster, smarter and stay ahead of what's next.

Learn more at www.rackspace.com or call 1-800-961-2888.

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Rackspace-Ebook-Trends-Ebook-Volume-4-The-Future-of-Work-SOL-TSK-5255 :: August 20, 2021