

What predicts work-from-home success for employees?

A behavioural science perspective.



The Psychological Tolls of Working-from-Home are Impacting Employees Everywhere

How Should Leaders Proceed?

Remote work has become an integral part of the new normal precipitated by the COVID-19 pandemic. According to a JUST Capital poll of the American public which asked what companies should prioritize to protect the health and safety of their workforce during COVID-19, over 82% agreed that companies should provide the flexibility to work from home; There's no question that work-from-home (WFH) is here to stay, in some form or another, hybrid workforces are becoming common-place as employees and employers settle into the new realities of life.

But there is a dark side to work-from-home that is already rearing its ugly head. WFH employees are increasingly feeling stressed and isolated, report ongoing collaboration issues and some are dangerously close to burnout. Microsoft's CEO, Satya Nadella has warned about the potential pitfalls of remote work, saying

“maybe we are burning some of the social capital we built up in this phase where we are all working remote.”

(“What Satya Nadella Thinks”, 2020). This is not a problem precipitated by ignorance.

In order to reap its benefits and avoid its potential pitfalls, leaders must understand the psychological predictors of work-from-home performance and satisfaction.

In general, companies are aware of the perilous effects that work-from-home coupled with the current pandemic can have on the psychological wellbeing of their employees. During a recent Quarterly JUST Call with Humana CEO Bruce Broussard, he explained that before COVID-19, a third of Humana employees worked from home and the other two-thirds had flexible work arrangements, so they were able to gain productivity quickly when many shifted to a work from home environment back in March. And being a purpose-driven company meant that their workforce was motivated to innovate around how they would help during the time of crisis. Broussard acknowledged however that,

“the prolonged being at home, the prolonged Zoom calls, and prolonged isolation is having a toll on the behavioral side.”

A new way to predict employee Well-being and productivity using behavioral science



COVID-19 has forced virtually every organization out there, from Toronto to Tokyo and Bogota, to experiment with remote work. In the process many business leaders have realized that work-from-home is not only viable, but with the right tools can improve productivity and lower costs.

The next imperative is to understand how employees perform this new work-from-home environment is key, but have not yet had the appropriate science-backed tools to do so.

BEworks, the world's leading applied Behavioral Economics consulting firm, has developed a scientifically-backed employee diagnostic tool based on behavioral research assessing the key psychological drivers of employee success in work-from-home environments.

Using insights from over a dozen studies that previously studied remote-work and organizational psychology, as well as research on the behavioral drivers of job performance, the team developed the WFH Diagnostic Tool, which analyzes five key psychological dimensions – Trust, Creativity, Collaboration, Social Connection and Psychological Safety – which impacts the productivity and overall experience of employees working from home.

5 Key Psychological Dimensions measured by the WFH Diagnostic tool:



Trust



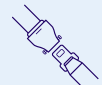
Creativity



Collaboration



Social Connection



Psychological Safety

What Behavioral Dimensions Drive Performance & Satisfaction?

We found that employees in the same organization, and sometimes even within the same department can experience WFH in very different ways. More importantly, the Diagnostic Tool was able to identify which psychological variables were most critical to employee performance and satisfaction.



Among the five psychological dimensions and 16 sub-constructs that we analyzed, three stood out as both striking and counterintuitive drivers of WFH performance and satisfaction: openness to share, creative alone time, and autonomy.

Our unique data-driven model takes self-reported job performance and self-reported job satisfaction as dependent variables. We then include a comprehensive set of independent variables from the 5 key dimensions to the model to find out which ones predict job performance and job satisfaction. This allows us to identify which of those independent variables are generating the biggest gaps between top and bottom performers and most and least satisfied employees. This is what makes it a truly diagnostic tool. We not only identify problem areas but are able to evaluate their impact on WFH performance and satisfaction. While lack of autonomy might impact job performance in one organization, it might not be a big issue in another one.

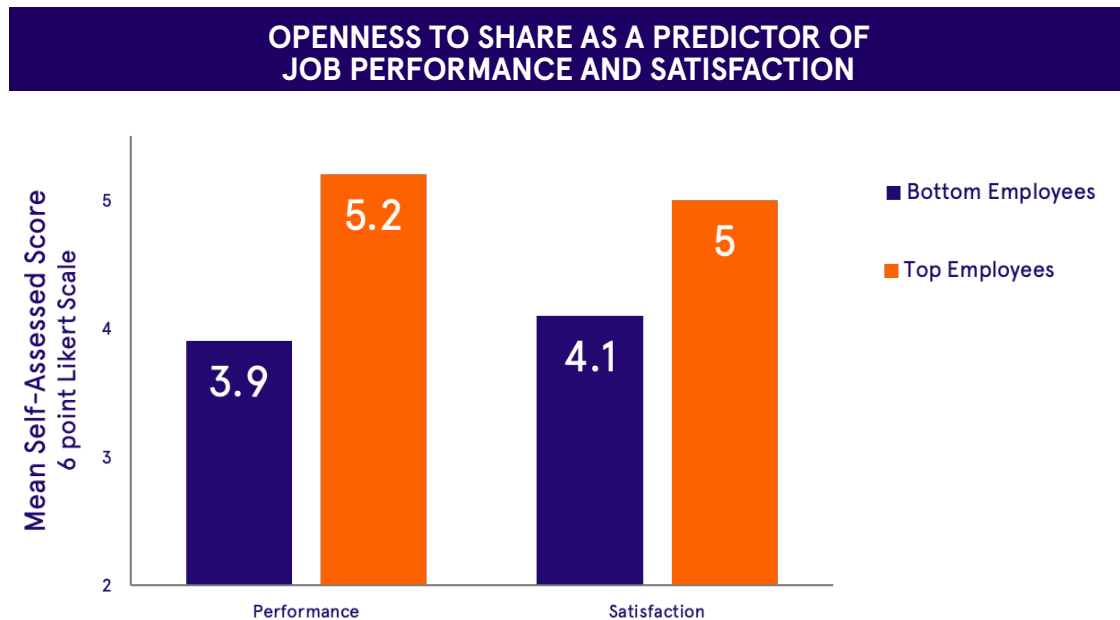
— OPENNESS TO SHARE

How comfortable do employees feel raising issues?

Openness to share is one of the psychological sub-constructs we evaluated within the more general dimension of trust¹. This dimension addresses how trust between employer and employee develops or erodes as a result of working-from-home. Openness to share is a core component of these trust-based work relationships and refers to the ability and ease with which employees can communicate WFH productivity issues to their supervisors.

We found that employees who could openly speak about potential WFH productivity problems not only performed better than their peers, but also felt a greater sense of satisfaction with their jobs.

FIGURE 1



It is not a stretch to imagine the direct impact that an openness to share can have on our performance and job satisfaction. Some of us have adapted much better than others to working-from-home and we all have different settings and contexts that might impact that process of adaptation. For example, as we saw in our research, parents with children tend to have a harder time adequately performing their jobs from home. But many parents have managed to adapt and eventually find a way to strike a balance between home and work-from-home.

The Takeaway:

If you don't feel like you can communicate those WFH potential performance issues with your supervisors, then they can become truly problematic, impacting your performance and overall enjoyment of work. Worse even, if those communication problems are not addressed, they can quickly escalate into systemic and possibly contagious organizational distrust.

¹ Guinot, Chiva, and Mallén 2013

— CREATIVE ALONE TIME

Is WFH draining creative output at a time when it's most needed?

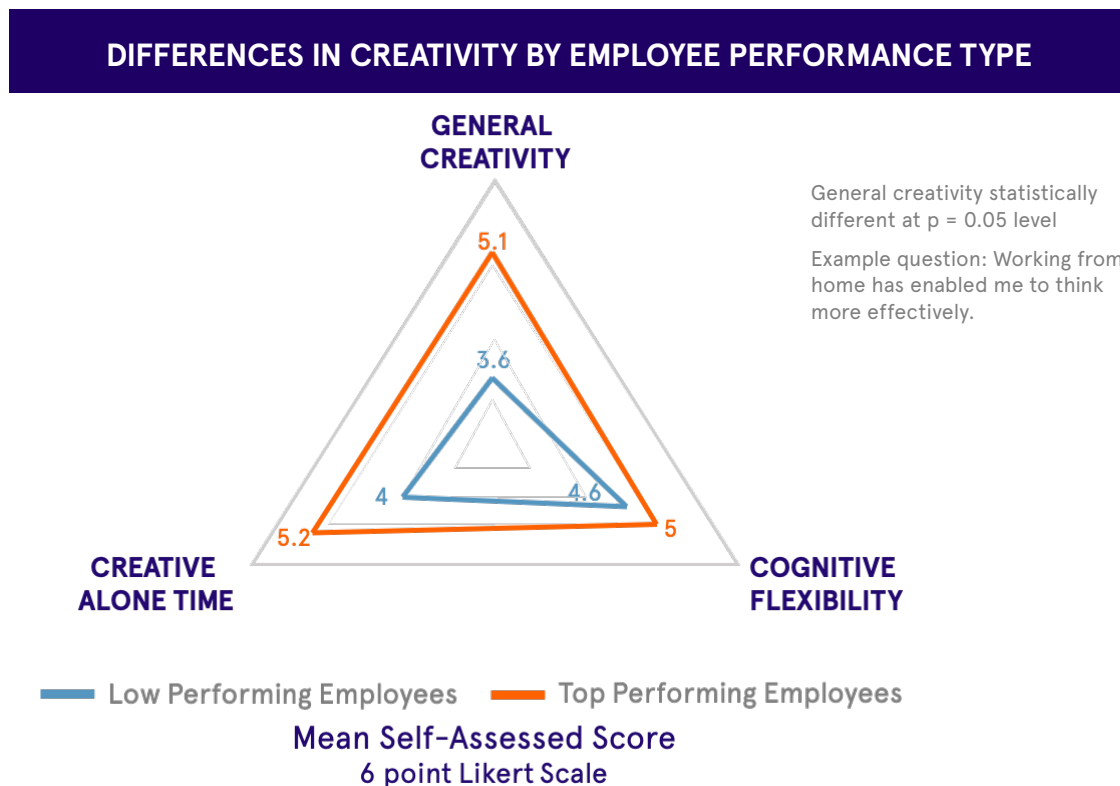
Once trust is established, WFH success largely depends on the ability to capitalize on the changing market conditions with novel ideas and approaches. For many though, working-from-home has proven to be a stressful experience. The resultant anxiety can have a negative impact on people's ability to come up with innovative solutions to problems and to think creatively.

A defining characteristic of work-from-home is that it fundamentally changes the way we brainstorm. Group brainstorming sessions, which were the norm at many organizations before the pandemic, have been replaced in many instances by virtual group meetings that have a detrimental impact on creativity. Generating novel ideas on the spot while interacting over a medium that does not come naturally to many is difficult².

Virtual meetings can also exacerbate groupthink at the expense of creativity, with the ideas of whoever speaks the loudest or most often being adopted.

Our research found that employees who were allowed to have some time to ideate on their own felt their creativity flourished, and their capacity to generate ideas was less affected by the particularities of working-from-home. This, in turn, reflected positively on their own self-assessed job performance.

FIGURE 2



The Takeaway:

Making it easy for your team to brainstorm alone can be a simple, yet powerful way to unlock their creative abilities and improve overall performance.

² Kavadias and Sommer, 2009

— AUTONOMY

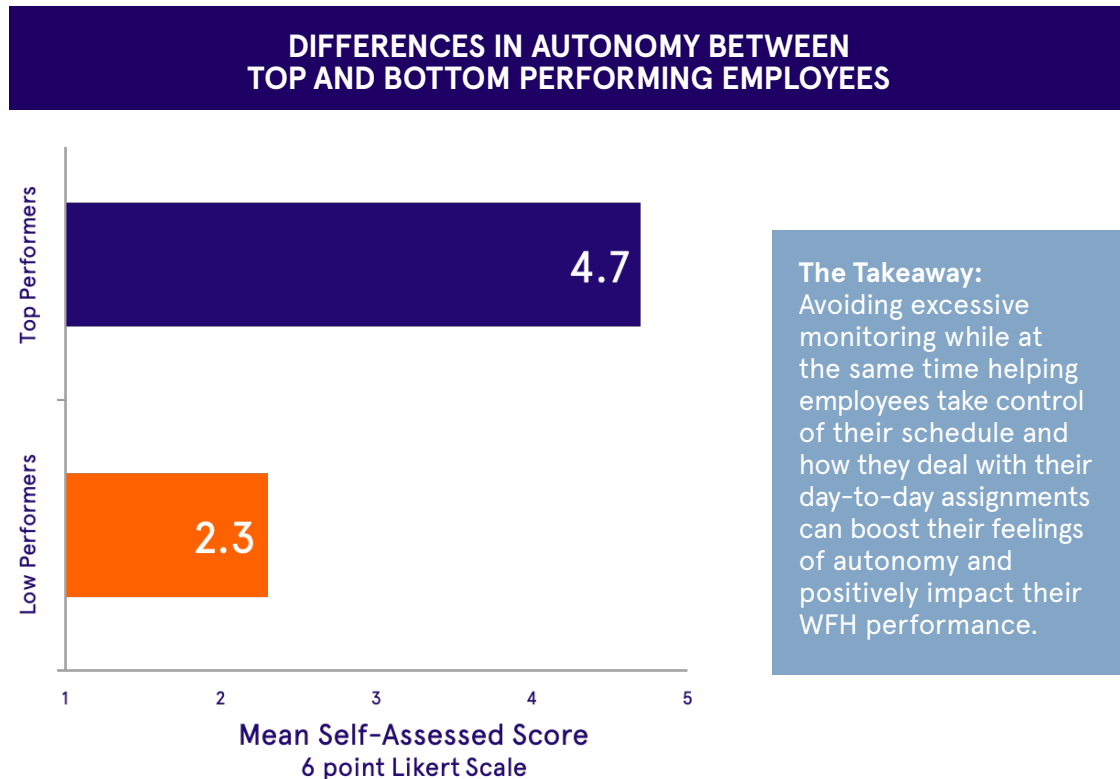
How perceptions of control relate to mental well-being

Workforce creativity is critical for organizations that want to thrive under the current economic climate, but it should also be carefully balanced with the intricacies and new WFH schedules of employees. Before the pandemic started, most of us had a work routine that included commuting, tackling the demands of the day and going back home. Usually we felt relatively in control of our schedule and could make our own decisions regarding how to allocate and spend time for work. For many employees, the quick transition to working-from-home has disrupted that routine. More importantly, it has wreaked havoc on the level of control and autonomy that a lot of employees feel³.

Our research revealed that this sub-construct of psychological safety is a powerful predictor of job performance for remote workers. Autonomy is essential for mental wellbeing in conditions of extreme uncertainty such as these because it allows employees to feel like they have some power over an important part of their life and like they are not entirely at the whim of uncontrollable external forces.

Our analyses indicated that WFH employees who felt they could make decisions about their schedule, about the tasks they worked on and the manner in which they tackled them were more likely to perform their jobs better than their counterparts.

FIGURE 3



³ Dodd and Ganster, 1996

Understanding What Hinders WFH Performance in Your Organization



Remote work offers numerous advantages for individuals and organizations, but if we only consider its technical aspects, we will very soon realize that its inherent psychological characteristics can become its downfall.

Remote work conditions have even started to take a toll on the mental health of leaders themselves who must grapple with their own anxieties while at the same time looking out for their employees, as Brad Feld, co-founder of Foundry Group puts it:

“If [CEOs] aren’t taking care of themselves, they can’t possibly, over the long term, take care of the people they are leading.”⁴

In that same Quarterly JUST Call, Humana CEO Bruce Broussard said,

“To engage today’s workers, leaders need to adapt and learn to lead in a virtual, two-dimensional environment.”

Business leaders today have been presented with a once-in-a-lifetime opportunity to reap the potentially enormous benefits of remote work, but they can only do it if they carefully consider how to reengineer workflow processes (e.g. the science of creativity informing the design of collaboration) and bolster the mental wellbeing of their WFH workforce.

Understanding what employees are truly experiencing, uncovering what is hindering low performers and job satisfaction from a psychological perspective, and what can be improved, will be critical for organizations moving forward. The next step after measuring how your employees are doing is to launch solutions that are grounded in scientific evidence to truly overcome the psychological issues faced by employees today. Finally, how will we know it worked? Continued intervention and measurement will help chart a new course for a working model that is flexible enough for whatever the future holds. It’s not an easy journey ahead, but one that the bold and evidence-driven will succeed in navigating.

⁴ Kanter, 2020

BEworks and JUST Capital will be helping organizations improve their worker productivity, motivation, and overall well-being during the re-opening phase of this tumultuous time. Organizations will be able to access BEworks' Work-from-Home (WFH) and Return-to-Work (RTW) Diagnostic Tools, that are designed to help organizations understand the factors predictive of employee success in remote working environments, and the employee needs and risks as companies prepare to transition workers back into retail, hospitality, and office environments.

About BEworks

Founded in 2010, BEworks is the world's first management consulting firm dedicated to solving business and policy challenges using Behavioural Economics (BE). BE is the science of understanding how people make decisions and act on them. Over the past decade, BEworks has helped companies across multiple sectors, industries, and countries tackle a wide array of strategic challenges with scientific research, evidence-based strategies, and fully tested solutions using methodology that combines the best of scientific and business practices.

Dan Ariely, renowned behavioural scientist and New York Times best-selling author of *Predictably Irrational* and *The Honest Truth about Dishonesty* co-founded BEworks in 2010 along with the firm's CEO and BE pioneer Kelly Peters and top marketing scholar Nina Mažar. The BEworks team is comprised of renowned behavioral experts and PhD team holding advanced degrees in behavioral science, psychology, finance, marketing, and decision science.

About Just Capital

JUST Capital was co-founded in 2013 by a group of concerned people from the world of business, finance, and civil society – including Paul Tudor Jones II, Deepak Chopra, Rinaldo Brutoco, Arianna Huffington, Paul Scialla, Alan Fleischmann, and others.

The mission of JUST Capital is to build an economy that works for all Americans by helping companies improve how they serve all their stakeholders – workers, customers, communities, the environment, and shareholders. We believe that business and markets can and must be a greater force for good, and that by shifting the resources of the \$19 trillion private sector, we can address systemic issues at scale, including income inequality and lack of opportunity. Guided by the priorities of the public, our research, rankings, indexes, and data-driven tools help measure and improve corporate performance in the stakeholder economy.

Bibliography

Dodd, Nancy G., and Daniel C. Ganster. 1996. "The Interactive Effects of Variety, Autonomy, and Feedback on Attitudes and Performance." *Journal of Organizational Behavior* 17(4): 329–47.

Guinot, Jacob, Ricardo Chiva, and Fermín Mallén. 2013. "Organizational Trust and Performance: Is Organizational Learning Capability a Missing Link?" *Journal of Management and Organization* 19(5): 559–82.

JUST Capital, Humana's CEO Explained How the Coronavirus Crisis Has Confirmed the Value of a Long-Term, Stakeholder-Driven Strategy <https://justcapital.com/news/humanas-ceo-explained-how-the-coronavirus-crisis-has-confirmed-the-value-of-a-long-term-stakeholder-driven-strategy/>

Kanter, L. (2020, June 10). CEOs are Dealing With Two Mental Health Crises: Their Employees' and Their Own. *Marker*. Retrieved from: <https://marker.medium.com/ceos-must-assume-a-new-role-therapist-in-chief-1015661a3105>

Kavadias, Stylianos, and Svenja C. Sommer. 2009. "The Effects of Problem Structure and Team Diversity on Brainstorming Effectiveness." *Management Science* 55(12): 1899–1913.

What Satya Nadella Thinks (2020, May 14), *The New York Times*. Retrieved from: <https://www.nytimes.com/2020/05/14/business/dealbook/satya-nadella-microsoft.html>

Contact us to learn more and apply the
WFH Diagnostic tool to your organization.

Juan.Salcedo@BEworks.com

www.BEworks.com



BEworks



BEworks



BEworksInc



BEworksInc