The future workplace of SMEs

A research into the ongoing experience of Dutch SMEs regarding their hybrid workplace strategy in the aftermath of the pandemic

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Introduction

(Rijksoverheid, 2020)

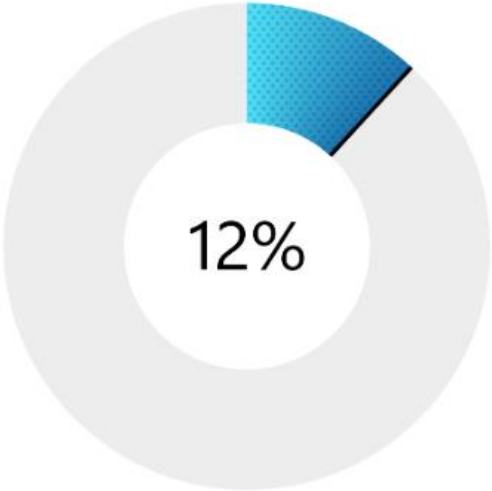
Introduction

Office-centric	Office-first hybrid (mainstream choice for most organizations)			"Work from anywhere"	Fully remote
Goldman Sachs *"Working from home is an aberration that we're going to correct as soon as possible… it's not a new normal"* – David Solomon, CEO	BARCLAYS *"Remote work isn't sustainable – we need colleagues to be office-based"* – Jes Staley, CEO	Google *"Coming together in person to collaborate and build community is core to Google's culture"* – Sundar Pichai, CEO	KPMG *"Our new way of working will empower employees to design their own working week. The pandemic has proven it's not about where you work, but how you work"* – Jon Holt, CEO	Dropbox *"Dropbox is becoming a 'Virtual First' company… remote work will be the primary experience for all employees and the day-to-day default for individual work"* – Drew Houston, CEO	cameo *"We're a fully distributed company – all of our employees work remotely and will continue to even after the pandemic"* – Steven Galanis, CEO
NETFLIX *"I don't see any positives to working from home"* – Reed Hastings, CEO	WELLS FARGO *"We believe most of us benefit by being physically together"* – Charles Scharf, CEO	Apple *"I can't wait for everybody to be back at the office – there's no replacement for face-to-face collaboration"* – Tim Cook, CEO	Microsoft *"We believe there is value in employees being together in the workplace"* – Kathleen Hogan, Chief People Officer	Nationwide *"We've been investing in our technological capabilities for years to transition quickly to a work-from-home model"* – Kirt Walker, CEO	GitLab *"Employees don't have to choose between staying close to their families or pursuing a career they love"* – Barbie Brewer, Chief Culture Officer
JLL *"Real estate is where our heart is, and we are staunch advocates of the importance of the office"* – John Gates, Markets CEO	amazon.com *"Our plan is to return to an office-centric culture... we believe it enables us to invent, collaborate, and learn together most effectively"* – Andy Jassy, Incoming CEO	J.P.Morgan *"I'm about to cancel all my Zoom meetings – I'm done with it."* – Jamie Dimon, CEO	Hogan Lovells *"The firm has been performing extremely well under remote working conditions – we expect that less space will be required in many of our offices "* – Michele Farquhar, Managing Partner	Standard Chartered *"We will provide alternatives, enabling our employees to work closer to clients and colleagues, as well as reducing commute time, travel costs and our carbon footprint"* – Andy Halford, CFO	coinbase *"We've committed to having no HQ, and it's important to show our decentralized workforce that no one location is important than the another"* – Brian Armstrong, Coinbase, CEO
7%[1]		80%[2]		7%[2]	3%[2]

1. (JLL The future of the office, 2021) 2. (CBRE The future office, 2021)

“Our employees will return to the office full-time” Jeff Bezos

Leaders
say they have full confidence their team is productive



“I’m about to cancel all my zoom meetings, Im done with it” Jamie Dimon, CEO

“Video conference calling has narrowed the distance between us, there are things they can not simply replicate” Tim cook

Employees required to come into office four-days a week.

None have yet made changes to their policies

1. (HubbleHQ, Nov 9, 2022) 2. (Microsoft, 2022)

Introduction

We are currently living in the ongoing experience of the pandemic – Reaction to shock is rarely straightforward and usually goes through several phases before finding a reshaped equilibrium[1] – Still many uncertainties.

✦

✦

1. (CBRE, 2022)

Introduction

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✦

Hybrid working isn't a fad, but its complicated[1]

✦

1. (CBRE, 2022)

Introduction

Reducing costs

Adding value

Optimizing the workplace

Increase in social interaction

Enhance collaboration

Health and well being

Flexibility

1. (Riratanaphong, 2013). 2. (Heynes, 2017) 3. (Van Ree, 2002)

Introduction: The workplace

1920’s

1980’s

2000 - 2020

2021-2022

The future workplace

Introduction

We are currently living in the ongoing experience of the pandemic – Reaction to shock is rarely straightforward and usually goes through several phases before finding a reshaped equilibrium – Still many uncertainties.

✦

Hybrid working isn't a fad, but its complicated[1]

✦

Majority of current related research is large corporate focused.

Introduction

What about Small- Medium Enterprises (SMEs)?

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Problem statement

Hybrid working is here to stay. Yet, many have not reached a consensus on their workplace arrangements.

✦

The pandemic has had a distinct impact on every organization

✦

SMEs remain understudied and it is unclear the preferences and needs of Dutch SMEs in transition to a hybrid workplace

Aim

Main Aim: To acquire an understanding of how SMEs are making a transition to a hybrid workplace

1. Offer knowledge to SMEs that want or are implementing a hybrid workplace strategy.

2. Provide insight into a starting point for managing a transition to a hybrid workplace

Research question

Main question	**How are organizational components used by Dutch SMEs transitioning to a hybrid workplace strategy?**
Theory	1. What tools are applicable to analyze how Dutch SMEs transitioning to a hybrid workplace strategy? And what are organizational components?
	2. How are Dutch SMEs expected to use organizational components transitioning to a hybrid workplace strategy?
Empirical Research	3. What drivers and barriers do Dutch SMEs encounter transitioning to a hybrid workplace strategy?
	4. What differences exist between SME sizes and business categories in transition to a hybrid strategy?
	5. Which organizational components are most (under)performing for Dutch SMEs transitioning hybrid workplace strategies?

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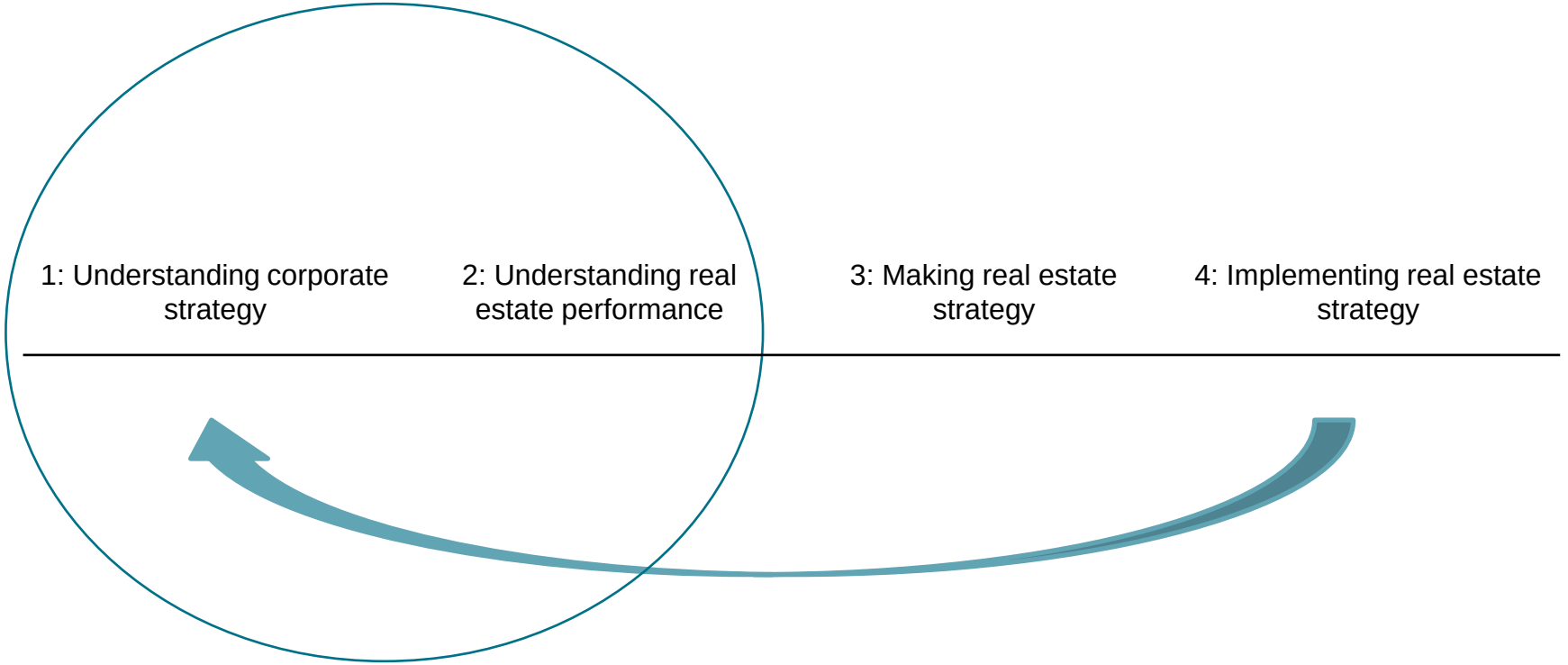
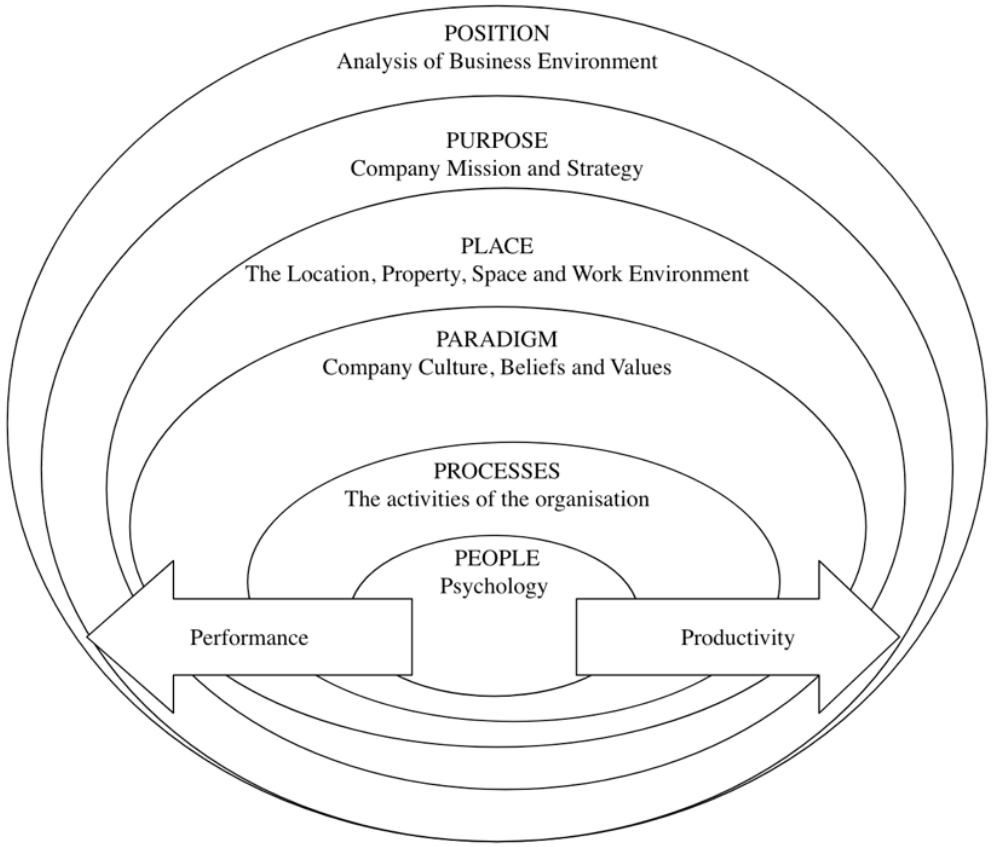
Background: Alignment



How can we create an understanding of the corporate strategy and real estate performance?

1. (Heywood & Arkestein, 2017) Aligment building blocks

Background: Organizational components



Position
- Understanding internal strengths and weaknesses with the external market.

Purpose
- Understanding the strategy of your business, real estate and human asset

Place
- Location of the office, space requirements before and after strategic shift to a hybrid strategy.

Paradigm
- Uncovering the organizational DNA. The unwritten rules and culture.

Processes
- The activities of the organization – working in the office, working virtually and the interaction between these two.

People
- Generation differences, social distancing, home situation, belonging.
- Support in the physical environment but also the behavioral environment both at the office and virtually.

Performance
- Real estate related, measure examples: cost, efficiency, quality

Productivity
- Output per employee

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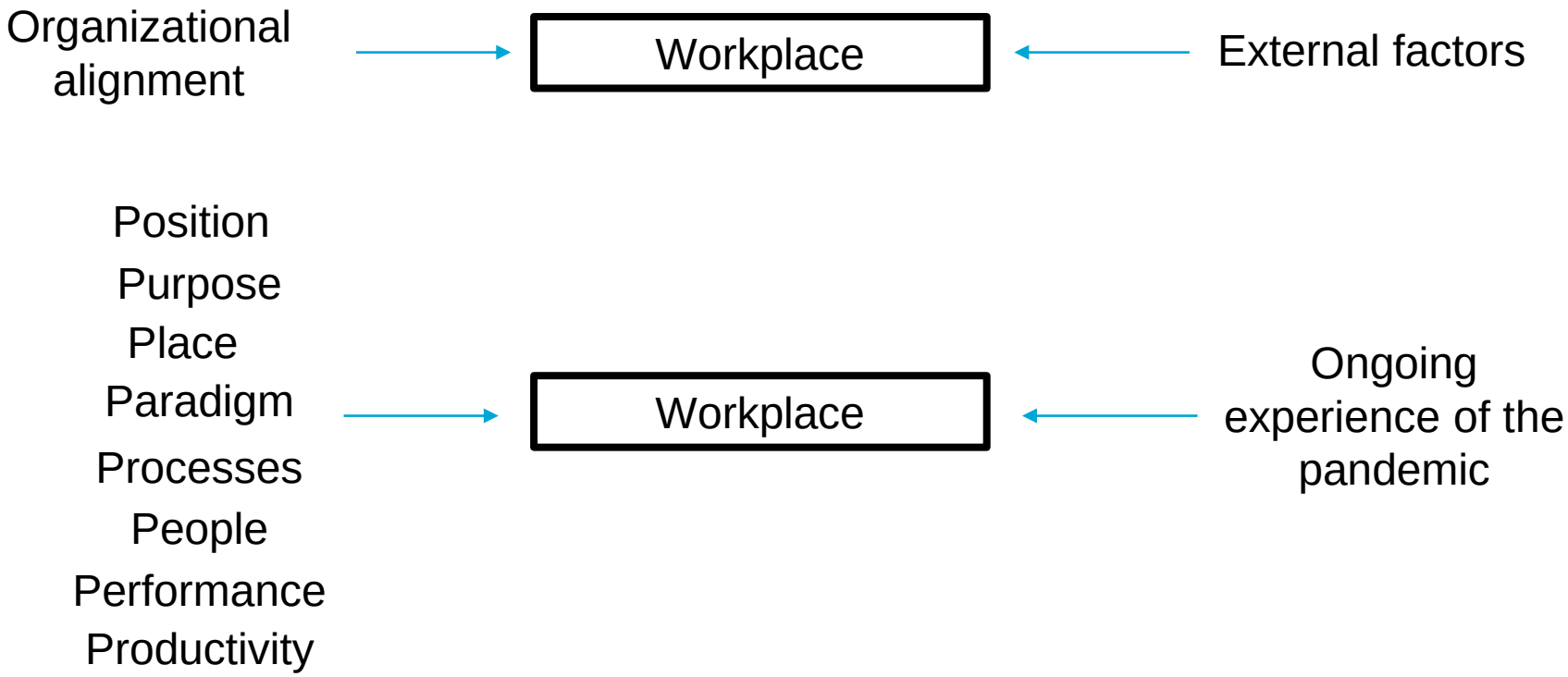
Background: Alignment

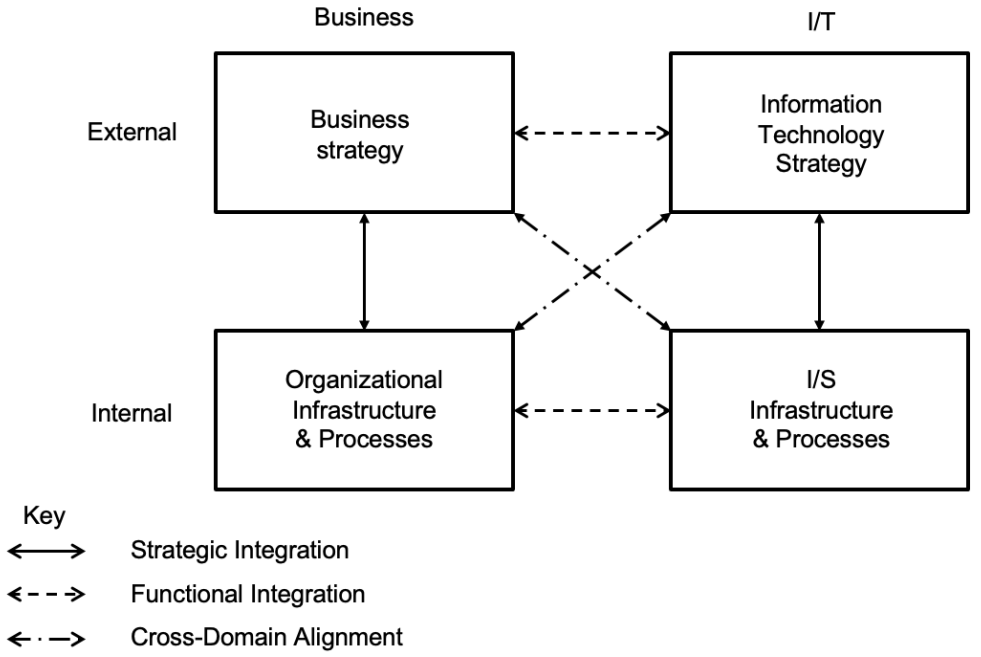


Background: SME

- Defining SME

Size	Number of Employees
micro	Less than 10
Small	Less than 50
medium	Less than 250

- Reusing the Strategic alignment model[1]. Switch IT and real estate
- Characteristics of Dutch SME
  - Proposition of SMEs[2]
  - Strategic alignment negatively relates to the number of employees
  - Strategic alignment negatively related to Real estate. (Smaller real estate, stronger alignment)
  - Strategic alignment is positively related to resource endowment



1. (Henderson & Venkatraman, 1993) 2.(Street et al, 2017)

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Research methods: Preliminary followed by main holistic case studies

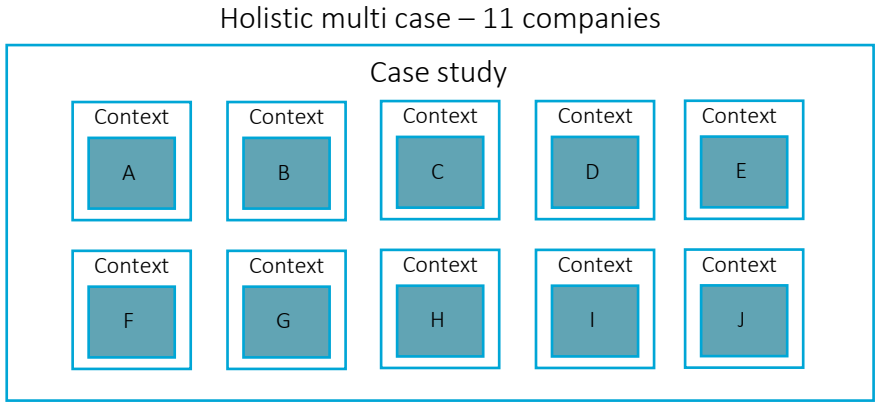
Preliminary stage

Literature review

2 companies

2 interviews

Holistic case study

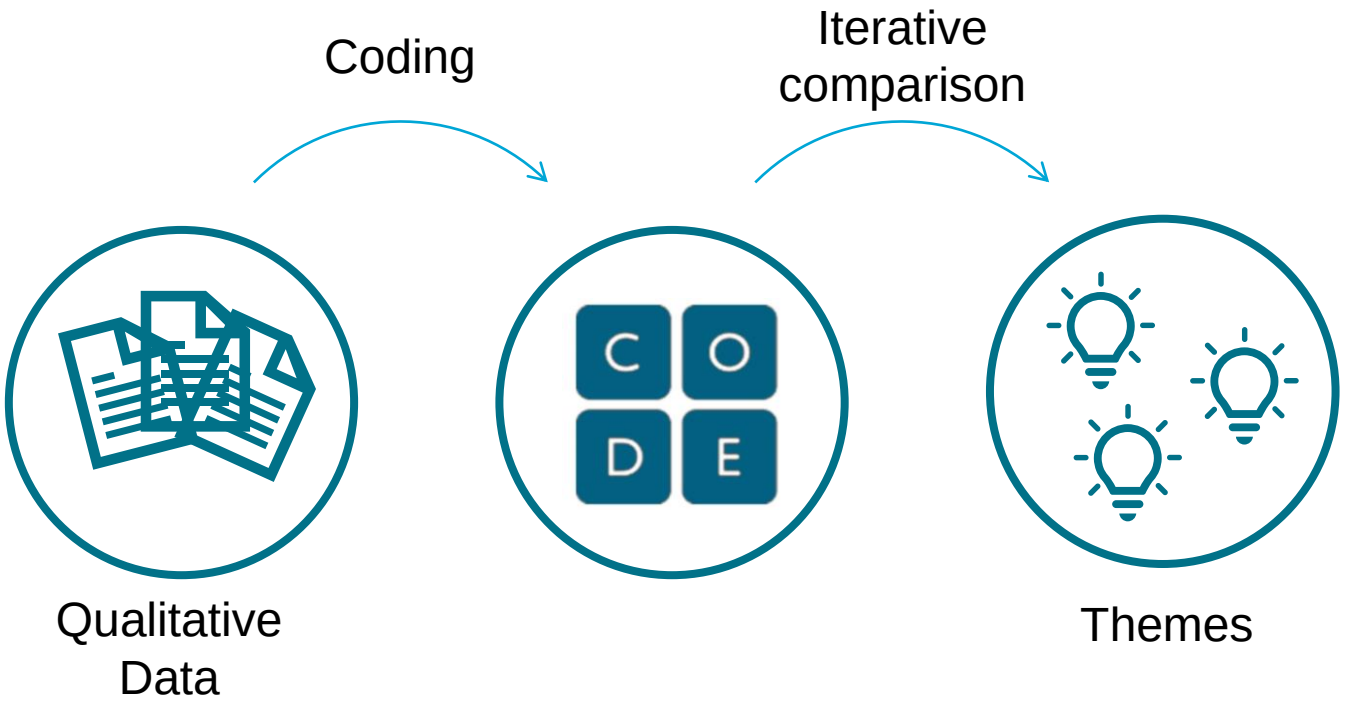


Method – Case studies criteria

- Case criteria
- Eleven cases selected:
  - Different size SME selection
    - Small: 10-50
    - Medium: 51-100
    - Medium-large: 101-250
- Different categories:
  - Modern business services (consultancy, IT, 3D modeling etc.)
  - Classic business services (finance, law, media etc.)
  - Retail business services

Research methods: Data collection

- Semi-structured interviews
- Interview protocols
- Thematic analysis



Method - Empirical

Sub-quest 3

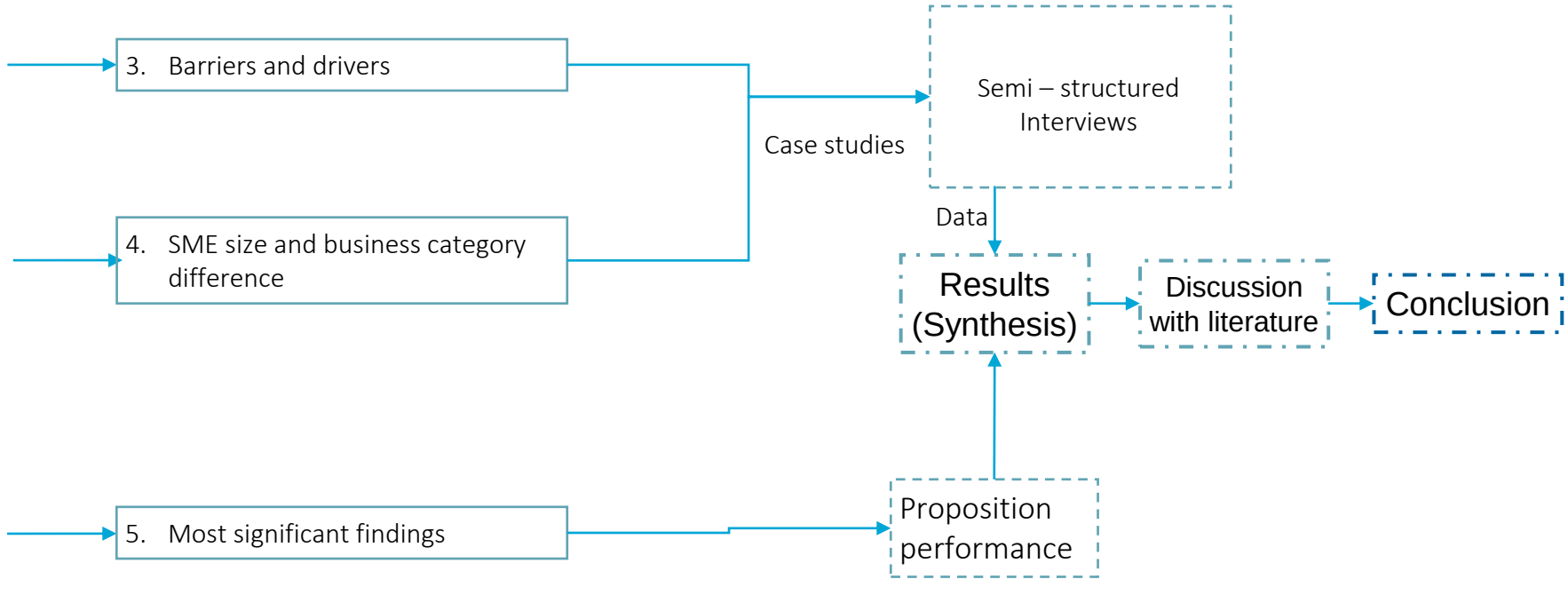
What drivers and barriers do Dutch SMEs encounter transitioning to a hybrid workplace strategy?

Sub-quest 4

What differences exist between SME sizes and business categories in transition to a hybrid strategy?

Sub-quest 5

Which organizational components are most (under)performing for Dutch SMEs transitioning hybrid workplace strategies?



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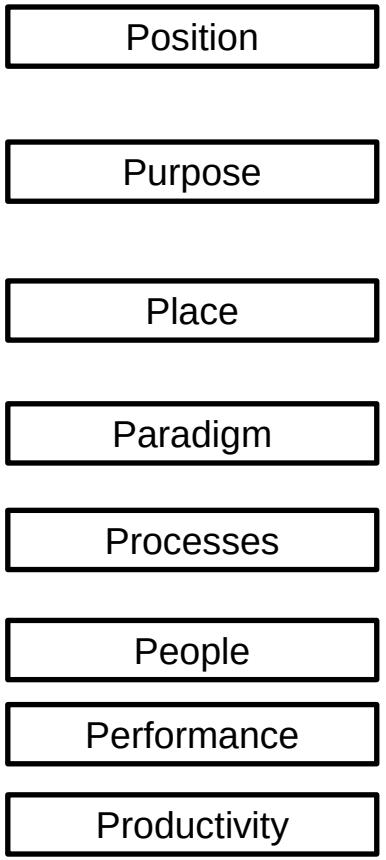
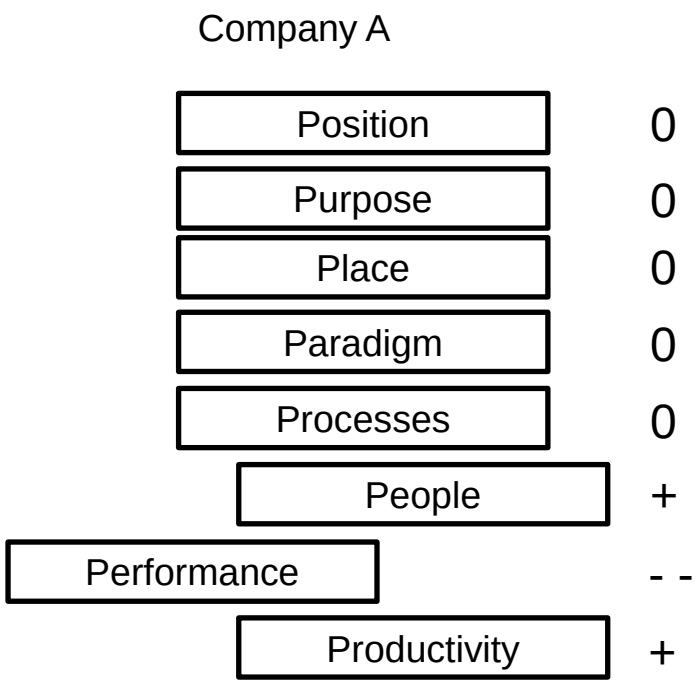
Method – Proposition (expectation)

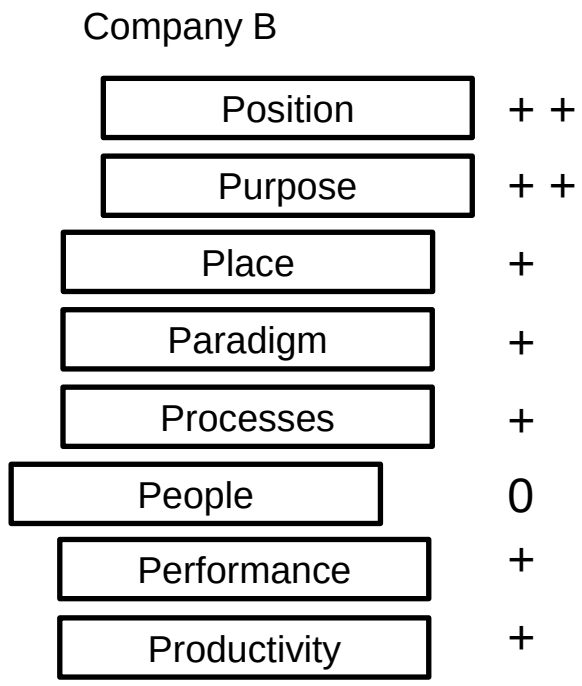
Organizational Component	SME Expectation
Position	- Strategically business focused - Short-term real estate strategy - Simple implementations ongoing experience pandemic
Purpose	- Strong business strategy - Simple office layout - Physical environment focus and not behavioral environment
Paradigm	- Modern organization & retail - flat organization - Traditional organization – centralized - Growth of maturity, more shared decision process - Office focused organizations
Processes	- Simple updated IT (incl laptop and necessary software) - Little change to workplace to support hybrid processes
Place	- No change to office portfolio - Strategically located to business service - Benefit from distance increase talent pool
People	- Little support homework station - Selective recruitment for good fit - Standard office design, little support behavioral environment
Performance	- Tailormade performance measurement (cost, efficiency, utilization)
Productivity	- Physical office supported in hybrid strategy. Less support remotely - Physical environment (acoustic, light, ventilation) well supported - Behavioral environment (interaction and work activities + virtually) little support



Method - Empirical

- What components are most (under)performing for Dutch SMEs transitioning to a hybrid workplace strategy?
  - Sub- questions 5.





Method: Proposition - results

Organizational components	A	B	C	D	E	F	G	H	I	J	K	-	+
Position	0	++	0	0	0	0	+ +	0	+	+	+	0	8
Purpose	0	++	0	0	0	0	+ +	0	+	+	+	0	8
Paradigm	0	+	0	0	+	0	+	0	+	0	0	0	6
Processes	0	+	0	0	+	0	+ +	+	+	+	0	0	7
Place	0	+	0	0	0	0	+	0	+	+	0	0	4
People	+	0	+	+	0	+	+ +	+	+	+	0	0	10
Performance	- -	+	0	- -	-	- -	+	+	+ +	0	-	6	5
Productivity	+	+	+	+	0	0	+ +	+	+	+	0	0	10

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Discussion – Four themes

The behavioral environment

- The pandemic influenced SMEs difficulties related to social organizational belonging.
- Many use office-first policies ensure 3-4 days a week at the office
- Increase communication tools to support behavioral environment

Policies vs. behavioral environment

The physical environment

A mixed perceived divide between:

- Office-centric strategy – Investment office focused, little remotely
- Little office adjustments, fully supported remote workplace
- Full support. Strong physical and behavioral environment at the office and virtual.

Office vs. remote workplace

Real estate performance measurements

- An assumption was made that SMEs would have some form of tailored measurement.
- Case studies showed little used performance measurements
- Use of intangible form of measurement “We are a small organization; if we feel that the office has an issue or is overcrowded, we can think of a solution” (Interview)

SME alignment

- Unique characteristics of SMEs – “Smallness” affect in relation to alignment
- Although not all components were utilized, the employees remained positively supported.
- Case studies show a negative relation with people increase and alignment

Findings

Flexibility employee desire

SMEs short-term focused

Financial resource limited

Little in-depth performance measurement

“Smallness” could be an advantage to create a supportive environment

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Main research question

How are organizational components used by Dutch SMEs transitioning to a hybrid workplace strategy?

Conclusion – Answering the main question

- Each organization is unique; Different components weight different for each organization
- Most SMEs were perceived strong in both ***position*** and ***purpose***.
- The four remaining Ps ***people***, ***place***, ***paradigm*** and ***processes***. Support *position* and *purpose*. The *people* component performed highest in the benchmark.
- *Productivity* component scored high in the benchmark. An aligned workplace is more easily attainable due to “smallness” of SMEs.

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Research take a ways

- The physical environment is essential component of office design, the behavioral environment, more than the physical environment, has most impact on people perceived productivity.
- Small increase in employee support goes a long way compared to reducing costs.
- People-first prioritization of the four input components (These components are closely connected)
- Performance measurements are significant for improving an organization. Even a simple tailored measurement can already form a basis to understanding the real estate and from which improvement could be perceived.
  - Understanding the real estate performance is part of alignment, alignment is not a one-time event.

Recommendation

- The research has an organizational focus
  - Research used a holistic approach with either owners or HR.
  - Embedded case studies would include more depth the research

- Further a quantitative approach should be used to further develop upon the topic and strengthen the validity.
  - The qualitative approach is based on the researcher interpretation.

- Further research is required looking into the applicability of alignment tools to SMEs

Thank you for your attention

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