

A Must-Have Employee Benefit:

How HR Leaders See Hybrid Working Now

International Workplace Group's second annual HR Leaders and Hybrid Working Report reveals that the hybrid model is a prime attraction for potential recruits and leads to a happier, more loyal workforce.

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“Flexibility is no longer a ‘nice to have’ for employees. Many will not consider new roles that require long daily commutes – they want access to workspaces closer to where they live and an environment that allows them to remain motivated and productive. Companies that understand this have a powerful recruitment edge.”

Mark Dixon, Founder & CEO, International Workplace Group

Introduction

Hybrid working is one of the most in-demand employee benefits when it comes to attracting and retaining top talent. If companies are unable to offer this as part of a job package, they struggle to recruit and keep the quality of employees needed to operate a thriving business. This is one of the key messages revealed by the International Workplace Group's 2024 HR Leaders and Hybrid Working Report.

The crucial importance of hybrid working in the race for talent is confirmed by a second recent study by the International Workplace Group, looking at the experience of in-house and agency recruiters in the current job market. It revealed an exodus of talent from companies that fail to offer employees the flexibility they crave.

As a small number of firms hit the headlines for imposing so-called RTO mandates, our research demonstrates clearly how employees will reward companies prioritising choice and flexibility over presence in a single location. At a time when the job market remains tight, this is particularly significant for employers.

All of the HR leaders questioned in our survey agree that hybrid working, in which people divide their time between a local workspace,

home and a city centre HQ, leads to happier and more loyal employees. Improved work-life balance and increased job satisfaction are seen as the two greatest benefits of the hybrid model, and these in turn drive greater productivity for companies.

Diving deep into the findings of the research, this white paper shows the critical importance of the hybrid model not only for hiring and retaining talent but also for increasing equity and inclusion, as well as enhancing workplace learning and personal development.



The message is clear – the hybrid model is essential for any modern-day company's growth and success.”

Mark Dixon, Founder and CEO of the International Workplace Group



The Hybrid Talent Magnet



More than nine out of ten (92%) HR leaders say they use the offer of hybrid working as a way to recruit talent, while almost as many (85%) cite hybrid working as an effective tool to keep talent in the business. Those that do not offer a hybrid option are likely to struggle to attract new recruits: International Workplace Group’s survey of recruiters reveals that a remarkable three-quarters (75%) have had candidates turn down roles because they do not offer the opportunity to work in a hybrid way.

The provision of a flexible workspace close to where people live is a significant factor in the hybrid working equation and a major part of its attraction to talent. Over three-quarters (77%) of HR leaders agree that being able to offer employees office space close to home can aid talent acquisition efforts. And more than half of recruiters say workers would feel more empowered if their employer allowed them to work from a local flexible workspace or satellite office. Studies have consistently shown that people prefer to work close to home rather than having to undertake a long and costly daily commute to a city-centre office. Previous research by the International Workplace Group



found that more than three-quarters (77%) of workers consider a place to work near to where they live a must-have for their next job move, while only one in five is now willing to commute for more than 30 minutes.

For employees already working in a hybrid way, any reversal of their flexible arrangement can be a reason to start looking elsewhere for work. Our survey of recruiters found that two-thirds (67%) have seen an increase in candidates looking for new jobs from companies mandating five days a week in a central office.

The survey findings are borne out by academic research. At a recent conference at Stanford on the implications of remote work, three papers looked specifically at so-called RTO policies and found that when companies switch to asking their employees to commute long distances on a daily basis, there is a corresponding increase in staff looking for new jobs. And the numbers can be significant: a survey by anonymous job review site, Blind, of employees at a major US company immediately following a so-called RTO mandate found that 73% were considering resigning and more than a third said they knew someone at the company who had already handed in their notice.



The Power of the Hybrid Model: A Real-World Study

Academic research at an online travel company provides hard evidence that hybrid working reduces employee turnover.

In a six-month experiment, carried out by academics from the US and China, 1,600 employees of Trip.com were randomised into two groups. One group went into the office five days a week, while the other worked in a hybrid way, going in only on Mondays, Tuesdays and Thursdays.

At the end of the six months, managers estimated that the hybrid model had increased productivity by 1%. Those working in a hybrid way also had a higher satisfaction rate and 35% lower job attrition. Quit-rate reductions were largest for female employees, while non-managers and those with commutes greater than 1.5 hours also had significantly reduced quit rates working in a hybrid way.

According to the Society of Human Resource Management, every resignation costs companies at least 50% of an employee's annual salary, which for Trip.com would mean \$30,000 for each quit. In the experiment, employees liked hybrid so much that their quit rates fell by more than a third – and saved the company millions of dollars a year.

Research also shows that the rejection of so-called RTO mandates is most common among more tenured, senior employees, meaning that it is the most experienced and most capable who are most likely to leave when such mandates are applied. For this reason, Stanford University's Professor Nicholas Bloom, a leading expert on hybrid working, believes that RTO mandates are likely to be repealed in the coming months, as companies come to terms with the full implications.

It is clear that for companies looking to recruit and retain top talent, hybrid working is a critical differentiator in today's tight labour market. And this is not something that is going

to change any time soon. A recent report by McKinsey charting the challenge of tight labour markets in advanced economies concluded that current job market conditions cannot be dismissed as a short-term, pandemic-induced blip, and are likely to continue for the foreseeable future. To address this, the report suggested that companies will need to focus on skilling and reskilling, including attracting talent from unconventional pools, and offering more flexible work.

"It's clear that the hybrid model will continue to play a crucial role in attracting and retaining the cream of the crop for the foreseeable future," says Mark Dixon.



Happier, Healthier Employees

Every single one of the HR leaders in our survey agree that the hybrid working model leads to happier, more loyal employees. This is particularly significant in light of a recent Gallup study that found nearly two-thirds of employees are uninspired by their work and do the bare minimum, with resulting productivity repercussions. Companies looking to reverse this trend can find a ready solution by offering more workplace flexibility.

Nearly nine out of ten (86%) HR leaders also report that hybrid working is one of the most in-demand wellness benefits among their employees. The three biggest benefits, they say, are an improved work-life balance (57%),

increased job satisfaction (56%), and better mental health (54%). They cite commute length (42%) and lack of work-life balance (35%) as among the top reasons for employee turnover.

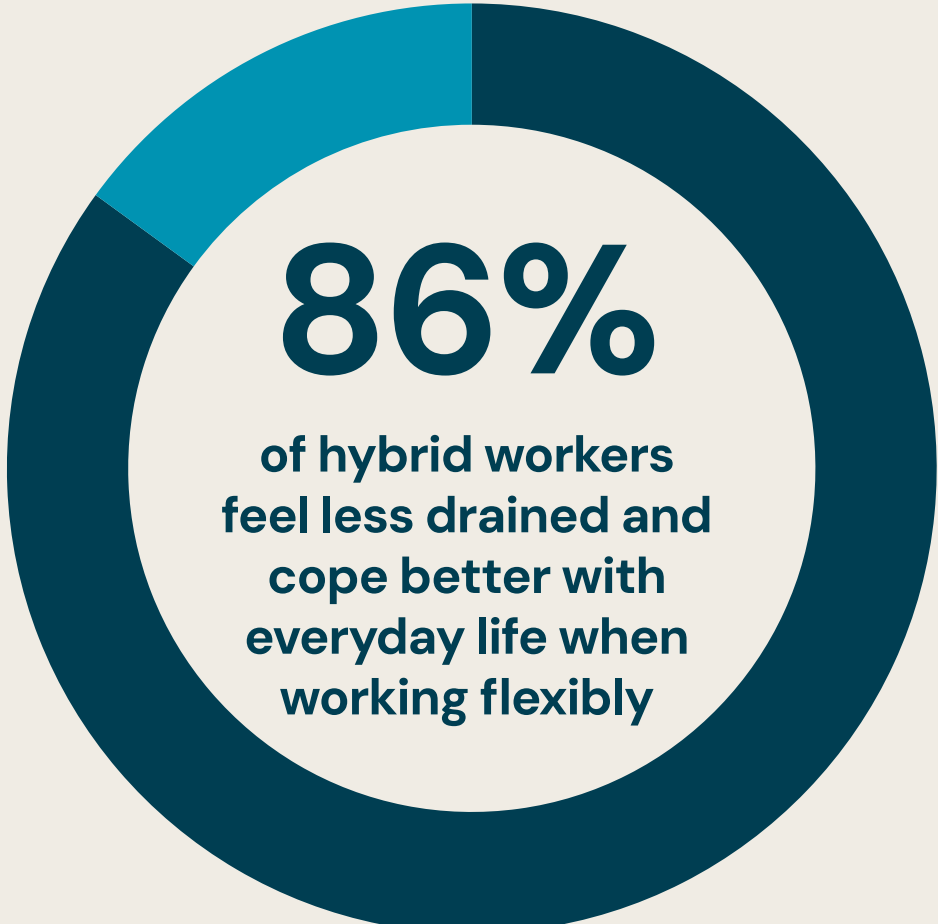
The HR leaders in our survey say that employees in their organisation spend the time they save from long daily commutes on at-home responsibilities (laundry, cleaning, grocery shopping), leisure activities (reading a book, watching TV), caregiving responsibilities (childcare, senior care), or wellness activities (meditation, self-care treatments).

For their part, hybrid workers report feeling less drained, less stressed and less anxious, with an



overwhelming 86% saying they feel they can cope with day-to-day life better when working in a flexible model. More than two-thirds say their physical health has also improved, with more time for exercise and healthier meal preparation, and better sleep. Altogether, more than four-fifths say the increase in their free time brought about by the hybrid model has led to a better work-life balance.

“The hybrid model offers businesses an easy way to put their employees first by freeing up their time and giving them greater control over their schedules,” says Dixon. “And that leads to happier, more engaged and more productive teams.”





Hybrid Workers Are More Productive

A contented workforce boosts the bottom line.

More than eight out of ten (85%) HR leaders agree that hybrid working increases productivity. In saying this, they are very much echoing the opinions of their bosses. Almost four in five CEOs polled by the International Workplace Group said their employees had become more productive since starting to work in a hybrid way, with nearly half attributing this to their decreased stress levels and increased time for rewinding after work.

Academic research has also demonstrated a correlation between hybrid working and

increased productivity. In one survey, hybrid workers in 27 countries were asked how their productivity had changed compared to working full-time in a central office. More than half (56%) said they were now more productive, while almost a fifth (18%) said they were more than 20% more productive.

Professor Nicholas Bloom says that studies generally place the increase in productivity brought by the hybrid model at around 3% or 4%. "Every firm just about out there is doing hybrid, because it's such a no-brainer to increase profit," he adds.

More Equitable,



More Inclusive



Nearly nine out of ten (89%) HR leaders say that the hybrid model enables employees who would otherwise need to leave their roles – such as parents, caregivers and retirees – to remain in work. “It essentially levels the playing field for those who need more time away from a central office, allowing them to better balance work and personal responsibilities,” says Dixon. “This eases recruitment challenges for companies, and they also benefit from having a more inclusive workforce.”

SaaS software provider Atlassian has said that one of the major benefits of its adoption of flexible working policies has been an improvement in recruitment and job retention. According to Annie Dean, the company’s global head of Team Anywhere, Atlassian has received considerably more applications for each open role since introducing remote working, including from candidates leaving less flexible tech companies.

The company can now access a broader, more inclusive talent pool and as a result, the number of veterans, spouses of active military members, women and parents working at Atlassian “have all gone up significantly” according to co-founder Scott Farquhar. He adds that the hybrid model can also allow workers to move closer to family without switching jobs. “It just feels like a much more human way to work,” he says.

The advantages to companies of a diverse workforce have been well chronicled. Diverse teams solve problems more quickly and make better decisions, leading to increased productivity. McKinsey has found that corporations identified as more diverse and inclusive are 35% more likely to outperform their competitors. An inclusive workplace culture not only helps to attract talent but also aids in staff retention.



The Growth of 15-Minute Cities

The geography of work is changing as more and more people work close to home.

The ‘15-minute city’ is a concept that is gathering pace all over the world, from Paris to Buenos Aires, and from Bogota to Barcelona. It is an urban model in which most daily necessities and services, such as workplaces, shops, schools, healthcare and leisure facilities, can be easily reached by a 15-minute walk or bike ride. The 15-minute city has been hailed for increasing sustainability and quality of life in local communities, as well as boosting local businesses.

A local flexible workspace is a key element of the concept, as it gives people the opportunity to work close to home, rather than having to make a daily commute to a central office many miles away. As a result, the International Workplace Group is engaged in a long-term programme of expansion, opening locations in small towns and suburbs around the world. In 2024 alone, it added more than 900 new spaces to its network, mostly outside large city centres.

“We’re looking at a major shift,” says Mark Dixon. “Millions of people have permanently changed their working patterns, doing their work primarily in the communities they call

home, with only occasional visits to the city. For that reason, demand for local high-quality flex space is on the rise, and we aim to meet it.”

New real estate developments within cities are also increasingly reflecting the needs of the 15-minute city concept, offering flexible workspace alongside residential, leisure and hospitality facilities. Atlanta’s Star Metals district is a perfect example of this new self-contained ‘live-work-play’ paradigm. Describing itself as “the ultimate integrated district experience, tailored to the new, urban lifestyle”, it includes a flex space by Signature, International Workplace Group’s flagship brand, alongside homes, hotels, shops, cafés and bars.

In London, the iconic Battersea Power Station has been reopened as part of a vibrant new development comprising apartments, offices, shops, bars, restaurants and leisure facilities. The second and third floors are home to The Engine Room, a bespoke International Workplace Group flex space comprising private offices, coworking spaces, meeting rooms, event and conference spaces, and a drop-in business lounge.

An Enhanced Learning Experience

While the HR leaders in our survey say that wellness in the workforce is their number one priority, a close second comes employee development, and more than eight out of ten (81%) say the hybrid model provides an optimal environment for learning and training. This is because it offers the best of both worlds in a development context: time in a central office allows for in-person learning, mentoring and interaction, while time away from the HQ lets employees take ownership of their own professional development, completing training when and where it suits them best.

The opportunity to improve skills or learn new ones can be a major plus when it comes to attracting new talent. Gen Z, in particular, who already make up a quarter of the workforce, place a high premium on the availability of training and many of them consider it the most important factor when it comes to choosing a new job. In a recent survey by LinkedIn, more than three-quarters of Gen Z respondents expressed a desire for more opportunities to learn or practise new skills.

As the pace of digital transformation becomes ever faster, learning and development have become essential in keeping workforces up

to speed with new technologies. “No company wants to get left behind,” says Dixon. “Just look at what’s happening with generative AI, for example, which is finding ever more use cases in business. It’s important that workers are kept up to speed with new tools and tech, and the hybrid model offers the best way of doing that.”



Conclusion

As we have seen, the hybrid model is a major differentiator in the job market and a powerful magnet for attracting the very best talent. And the best workers tend to do the best work, with consequent impact on the bottom line: according to McKinsey, superior talent can be eight times more productive.

“It’s clear that hybrid working is not only a key factor in staying one step ahead in the talent race, but also an integral component of a winning business strategy that prioritises the wellbeing and productivity of the workforce,” says Dixon. “Employees now expect flexibility from their employers, and the best and most successful companies will be those that can offer it.”

We help more than eight million people work the hybrid way, with 5000+ locations across more than 130 countries. Find out how our hybrid work solutions can help your business attract and retain top talent at iwgplc.com.

