



## HYBRID COMMERCIAL WORK ENVIRONMENTS

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### Abstract

This report delves into the topic of improving efficiency in a possibly hybrid work environment. It explores how to do this for a team which utilizes Microsoft Teams for both remote and in-office tasks. Despite some of the perceived advantages of working remotely, there is evidence which suggests that productivity may decrease. The study uncovers significant issues, such as communication difficulties, complexities in maintaining work-life balance, and financial considerations. These problems are highlighted as crucial to address for the overall integrity and productivity of the workplace. Additionally, the report presents an analysis of these identified issues by drawing upon knowledge from various disciplines. In particular, the report is composed of various components which aid in assessing the financial state of an organization. These include a projected profit and loss table, an analysis that evaluates profitability based on different numbers of office days per week, and a projected balance sheet. The outcome suggests that the most balanced approach would be to have a three-day work-week at the office. Additionally, it proposes solutions such as investing in technology, incorporating flexible working hours, and maintaining clear communication channels. Further research recommendations focus on exploring long-term effects and considering environmental factors. Moreover, future plans involve studying how remote work technologies are evolving and ensuring business sustainability. In essence, this report serves as a comprehensive guide for organizations aiming to optimize their hybrid work model in terms of productivity and financial effectiveness.

### Introduction

This report delves into the nuanced dynamics of a possible hybrid work environment, where a team of ten engages in both remote and in-office activities, primarily using Microsoft Teams. The study revolves around the paradox of productivity, in work arrangements. Despite the perceived benefits of remote work there is evidence of a slowdown or decrease in productivity.

Additionally, the report will propose strategies to enhance team performance and foster a collaborative culture, no matter where that work is done, drawing upon methodologies and findings from previous research on digital communication, team engagement, and the financial aspects of productivity in various work conditions. The outcome is to offer a comprehensive understanding and actionable insights for optimizing hybrid work models.

The evolution of work environments, especially with the rise of telework and hybrid models, has necessitated a comprehensive review of the financial, managerial, and strategic implications for businesses. The foundational texts by Brigham and Ehrhardt (2017) and Drury

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\* These papers are for internal discussion within CESA on topics related to the CESA Mission.

(2018) establish a vital link between financial management theories, cost accounting methods, and their practical implications on cash flow management within organizations embracing remote work structures. These resources provide a framework for understanding the financial underpinnings of decentralized work models.

## **Background**

Expanding on the accounting viewpoints, Kaplan and Atkinson (2015) introduce techniques in managerial accounting that play a vital role in making well informed decisions and creating effective budgets when teams are physically dispersed. Additionally, Porter's (2008) analysis of forces provides a perspective to understand the operational changes in businesses adopting or optimizing hybrid workspaces.

In the domain of cost management and efficiency, Horngren, Datar, and Rajan (2020) delve into the intricacies of cost accounting, highlighting its significance in the judicious management of resources — a subject matter gaining prominence as organizations juggle between in-office and remote operational costs. Further, Ulrich and Brockbank (2005) explore the strategic role of human resources in enhancing organizational success, a function that has become increasingly complex in the tapestry of modern, digitally-enabled work environments.

In addition to the literature that focuses on business, there have been studies conducted by Bailey and Kurland (2002), Hill, Ferris, and Mårtinson (2003), and Kossek et al. (2012) that provide a collection of findings on telework. These research studies offer insights into how work practice are changing the impact of different work environments on both professional and personal lives and how to effectively manage the boundaries between work and personal life. Understanding these aspects is crucial when it comes to work models.

Kurland and Bailey (1999) and Madsen (2021), among others, contribute to this discourse by examining the advantages and challenges of telework, particularly its impact on employee productivity, creativity, and work-life balance. Assessing the effectiveness of work models relies heavily on these factors. Furthermore, in their study, Vartiainen and Hyrkkänen (2010) present a real life example that highlights the need, for technology and work practices to adapt in order to support the changing nature of remote and hybrid work setups.

## **Hybrid work environments**

These have exposed critical communication issues, with the most significant being the absence of non-verbal cues which are fundamental in face-to-face interactions. This loss often leads to misunderstandings when team members rely solely on digital tools like Microsoft Teams and Zoom. The convenience of digital communication does not fully compensate for the richness of in-person dialogue, occasionally slowing decision-making and creating a sense of disconnection, particularly for those who work remotely and miss out on the everyday rhythms of office life.

Balancing work and personal life has also become more complex. The flexibility that comes with work often blurs the line between work and personal life unintentionally leading to longer work hours and increased stress levels (Hill, Ferris, and Mårtinson, 2003).

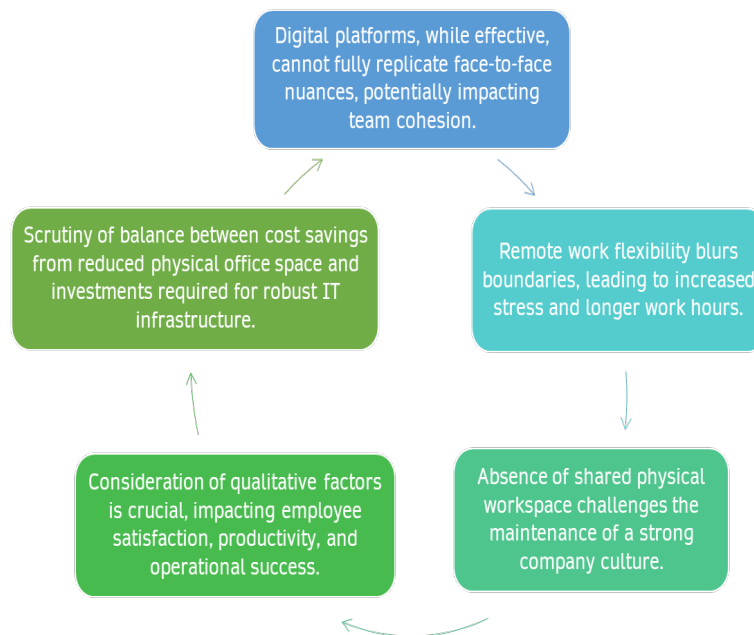
Financial considerations pose another challenge, as organizations navigate the trade-offs between office space reductions in rent and the expenses associated with remote setups, such as technology upgrades and home office allowances (Kossek, Ruderman, Braddy, and Hannum, 2012). Strategically, ensuring equity across the workforce, regardless of location, is a pressing concern, demanding deliberate efforts to maintain fairness and inclusivity.

Financial considerations and equitable treatment of staff are equally consequential (Brigham and Ehrhardt, 2017). Mismanagement of the hybrid model's costs can negate its po-

tential economic benefits, while failure to provide equal opportunities can damage the organization's culture and ethical standing. It is crucial to tackle these issues as they are closely intertwined with the organizations capacity to succeed in a dynamic business environment.

The transition to a hybrid work environment, while offering flexibility, introduces a range of challenges that impact both organizational performance and employee well-being. A critical issue identified is communication. The lack of physical interaction often leads to misinterpretations and a decreased sense of team cohesion. Digital platforms, although effective in bridging geographical distances, cannot entirely replicate the nuances of face-to-face interactions, leading to potential gaps in understanding and teamwork (Kossek, Ruderman, Braddy, and Hannum, 2012).

Figure 1: Summary of identified issues



### Communication Challenges

The lack of physical interaction presents a significant challenge that leads to misinterpretations and a reduced sense of team cohesion. While digital communication tools such as Microsoft Teams and Zoom are effective in bridging geographic distances, they cannot fully replicate face-to-face interactions.

Telecommuting offers the advantage of flexibility, but it also blurs the lines between work and personal time. Blurred lines result in extended working hours and increased stress levels, impacting individual well-being and team morale.

There are qualitative factors too, which relate to worker well-being within the company. Recent statistics indicate that a significant proportion of managers and professionals continue to work from home, a pattern that has persisted beyond the pandemic-induced spike (Hannan, 2023). This shift has not been without its challenges. For instance, while eliminating travel time to work can add to personal hours, it also blurs the boundaries between work and home life, as suggested earlier. This can lead to extended work hours, as evidenced by the higher incidence of paid or unpaid overtime among those working from home (Hannan, 2023).

Communication, a fundamental aspect of organizational operation, has also taken on new dimensions. With the absence of in-person cues, employees are adapting to conveying and interpreting messages through digital means, a skill that not all may be adept at, leading to potential misunderstandings and a feeling of isolation. The shift to conveying and interpreting

messages through digital means creates potential misunderstandings and feelings of isolation, impacting overall well-being.

### Projected profit and loss table

Description	Week	Month	Year
Revenue	\$100,000	\$400,000	\$4,800,000
Less: Cost of Goods Sold	\$70,000	\$280,000	\$3,360,000
<b>Gross Profit</b>	<b>\$-10,000</b>	<b>\$-40,000</b>	<b>\$-480,000</b>
Operating Expenses:			
Salaries and Wages (Team of 10)	\$-3,500	\$-14,000	\$-168,000
Technology & Communication	\$-1,000	\$-4,000	\$-48,000
Office Supplies and Expenses	\$-8,000	\$-32,000	\$-384,000
Rent & Utilities	\$-8000	\$-1,200	\$-14,400
Travel & Accommodation	\$-75	\$-91,200	\$-1,152,000
<b>Total Operating Expenses</b>	<b>\$-22,800</b>	<b>\$188,800</b>	<b>\$-633,600</b>
<b>Net Income</b>	<b>\$47,200</b>	<b>\$53,200</b>	<b>\$2,208,000</b>

Table 1: Projected Profit and Loss Estimates Table

### PROFIT AND LOSS vs DAYS AT OFFICE [per Month]

Days at Office	Revenue	Cost of Goods Sold	Salaries and Wages	Technology & Communication	Office Supplies Expenses
0	\$150,000	-\$50,000	-\$40,000	-\$4,200	-\$700
1	\$152,000	-\$50,000	-\$40,000	-\$4,000	-\$800
2	\$154,000	-\$50,000	-\$40,000	-\$3,800	-\$900
3	\$156,000	-\$50,000	-\$40,000	-\$3,500	-\$1,000
4	\$300,000	-\$50,000	-\$40,000	-\$4,200	-\$700
5	\$151,000	-\$50,000	-\$40,000	-\$3,900	-\$1,200
6	\$400,000	-\$50,000	-\$40,000	-\$4,200	-\$700

Table 2 (a): Profit and Loss vs Days at Office (Estimates by Authors)

Days at Office	Rent & Utilities	Travel & Accommodation	Gross Profit	Total Operating Expenses	Net Income
0	-\$3,000	-\$600	\$100,000	-\$48,500	\$51,500
1	-\$6,000	-\$500	\$102,000	-\$51,300	\$50,700
2	-\$9,000	-\$400	\$104,000	-\$54,100	\$49,900
3	<b>-\$8,000</b>	<b>-\$300</b>	<b>\$106,000</b>	<b>-\$52,800</b>	<b>\$53,200</b>
4	-\$3,000	-\$600	\$250,000	-\$48,500	\$201,500
5	-\$11,000	-\$700	\$101,000	-\$56,800	\$44,200
6	-\$3,000	-\$600	\$350,000	-\$48,500	\$301,500

Table 2 (b): Profit and Loss vs Days at Office (Table by Authors)

### Concluding Comments

This brief study recommends a 3-day office work-week as the optimal hybrid model, striking a balance between in-person collaboration and remote work efficiency. Financial analysis indicates this approach yields the highest profitability, especially when considering the reduced expenses in rent, utilities, and travel. Technology investment is crucial, supporting effective transitions between work environments and maintaining productivity.

The financial analysis, while only a simulation, shows that this approach yields the highest profitability, considering the reduced costs of rent, utilities and travel. The importance of investing in technology to support efficient transitions between work environments and maintain productivity is highlighted.

A flexible and well-communicated approach favoring work-life balance is identified as essential to employee well-being. The conclusion underlines the importance of adaptability of policies and their continuous evaluation, so that they are in line with the evolving needs of business and employees.

Our research in this report indicates that a 3-day office workweek strikes a balance between maintaining high productivity and optimizing costs. This model maximizes profitability while still allowing for significant in-person collaboration and team building. Ensure that the team has access to robust technology and communication tools such as Microsoft Teams and Zoom. This includes reliable video conferencing, project management software, and secure, efficient remote access to company resources. A moderate investment in technology enhances remote work productivity and can reduce the need for in-office presence.

Accommodate flexible working hours within the 3-day in-office schedule to further enhance employee satisfaction and productivity. Flexibility allows employees to work during their most productive hours and can lead to increased job satisfaction and output. Ensure that all team members understand the hybrid work model and their responsibilities. Provide training and resources to help them manage their workload effectively, both remotely and in the office.

Future research should delve deeper into the long-term impacts of hybrid work models on employee mental health and organizational culture. Investigating the effectiveness of different communication tools in maintaining team cohesion in a hybrid setup could yield valuable insights.

Additionally, exploring the environmental impacts of reduced office usage and increased remote work, such as changes in energy consumption and carbon footprint, would provide a broader perspective on the sustainability of hybrid models.

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