

## Twitter Thread by UBS Center



**UBS Center**

[@ubscenter](#)



■ We're riding shotgun tonight. Here's a little thread on remote leadership with your's truly Ernst Fehr (@econ\_uzh), @raffasadun and @Gerhard\_Fehr.  
<https://t.co/FcO1CFyRZk>



What does good leadership look like when everyone works from home? Top scientists @raffasadun and Ernst Fehr will provide you with some answers on 27 January online and for free in our Academy of Behavioral Economics <https://t.co/Di6hRqPvAA>

— G. Duttweiler Inst' (@GDIInstitute) [January 15, 2021](#)

Ernst Fehr is talking about evidence and challenges of work at home arrangements.

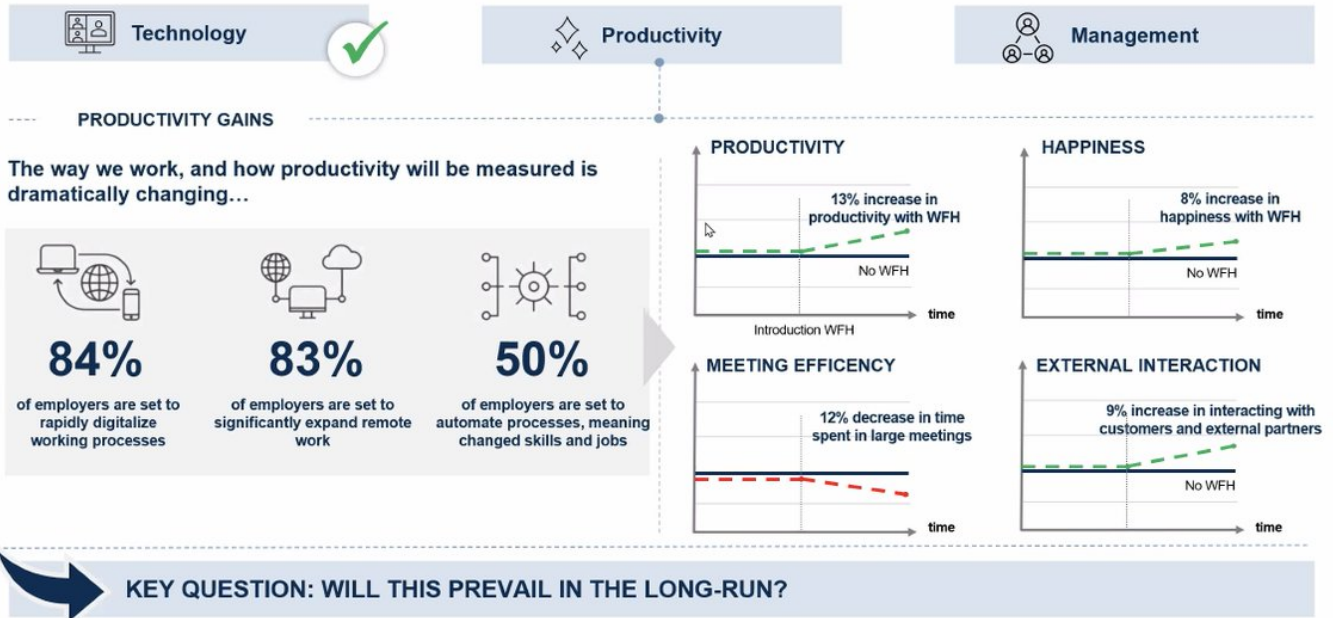
Key question: Do we have the technological capacities to work at home? And is it a trend or a sustainable transformation?

Ernst Fehr [@econ\\_uzh](#) #EconomicsForSociety

Will this prevail in the long-run?

Ernst Fehr @econ\_uzh #EconomicsForSociety

## How prevalent are WFH arrangements and what are the short run consequences?



Source: Birkinshaw J., Cohen B., Scarth P. (2020). Harvard Business Review: Research: Knowledge Workers Are More Productive from Home; Bloom, N., Liang, J., Roberts, J., & Ying, Z. J. (2015). Does working from home work? Evidence from a Chinese experiment. *The Quarterly Journal of Economics*, 130(1), 165-218. Bloom N. (2020). Working from Home: Will it Persist at Princeton Bendheim Center for Research.

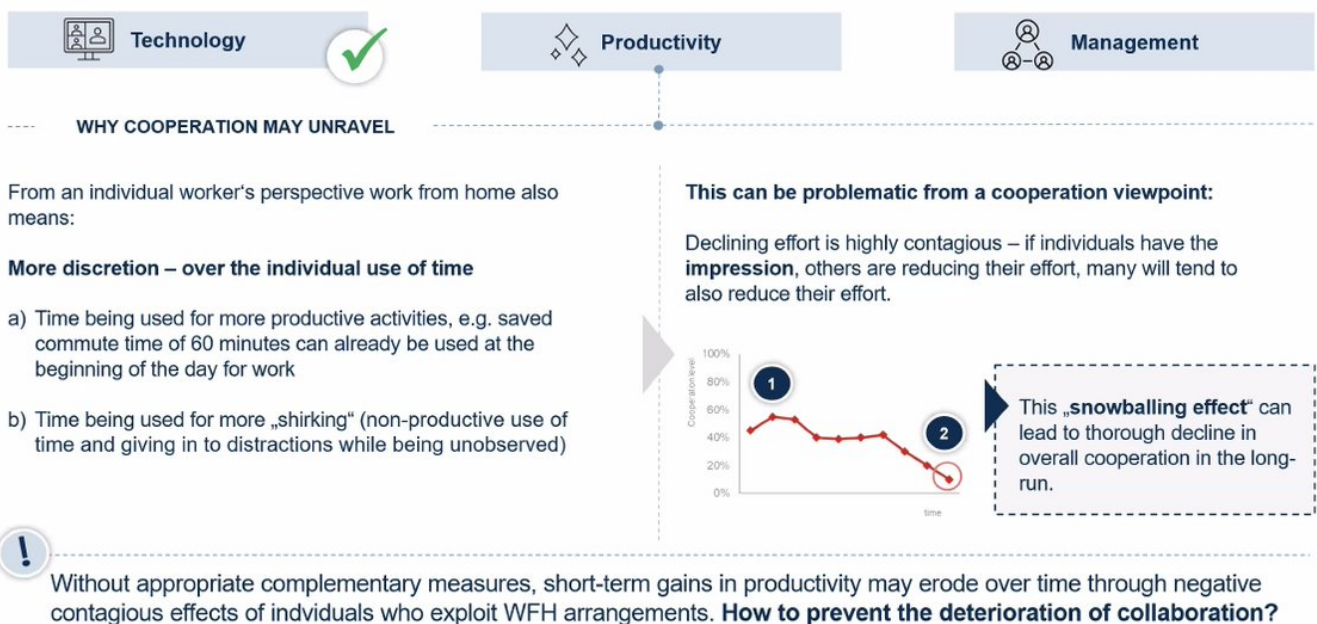
FehrAdvice & Partners AG, January 2020

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The problem of sustaining cooperation in the long-run: How do we prevent the deterioration of collaboration?

Ernst Fehr @econ\_uzh #EconomicsForSociety

## Why WFH might not prevail: The problem of sustaining cooperation in the long-run



Source: Fehr, E., & Gächter, S. (2001). Do incentive contracts crowd out voluntary cooperation?

FehrAdvice & Partners AG, January 2020

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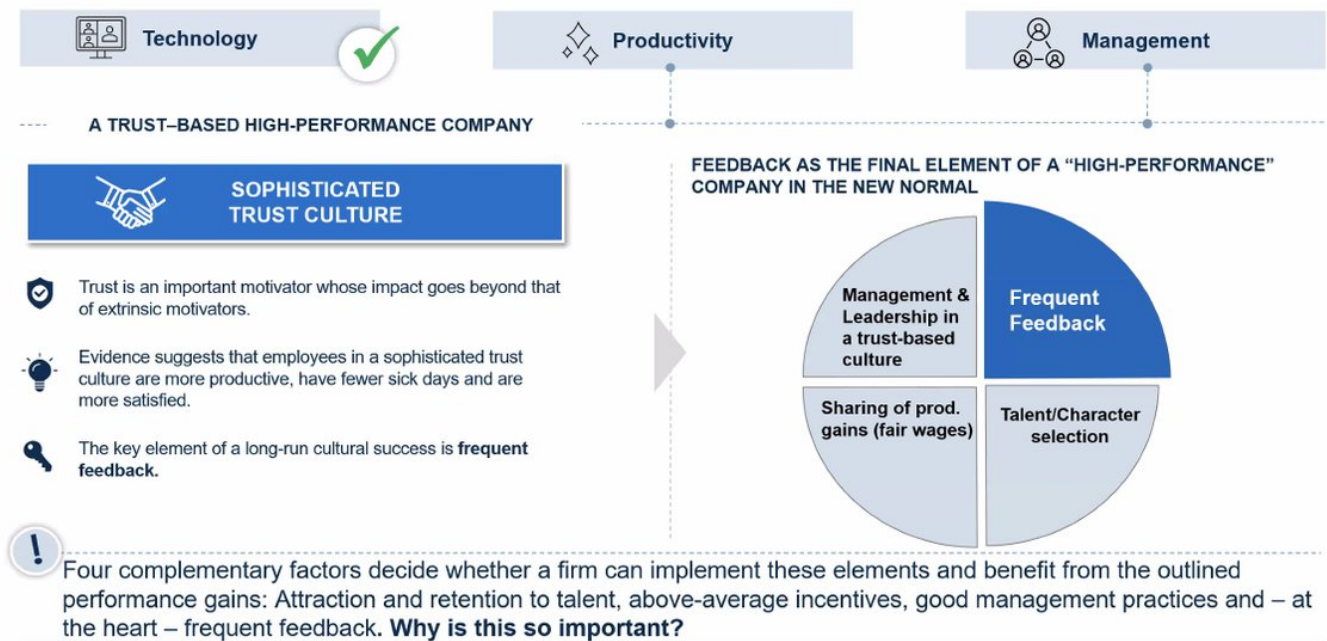
Evidence suggests to focus on a sophisticated trust-based culture where one improves employees' performance via a range of different factors.

Ernst Fehr [@econ\\_uzh](#) #EconomicsForSociety

Why is frequent feedback so important? A trust culture with feedback induces and sustains high levels of cooperation.

Ernst Fehr [@econ\\_uzh](#) #EconomicsForSociety

## Why is frequent feedback so important?



Sources: Sources: Zak, Paul (2017). Trust Factor: The Science of Creating High-Performance Companies

FehrAdvice & Partners AG, January 2020

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Here are three key questions you have to ask yourselves as leaders.

Ernst Fehr [@econ\\_uzh](#) #EconomicsForSociety

## The key questions a leader must ask himself/herself with the transformation to WFH:



- 1 Am I willing to implement all four components of a sophisticated trust culture?
- 2 Do I have the tools and the knowledge to implement the different components?
- 3 How can I achieve the simultaneous implementation of all four components and organize the necessary organizational learning process?

One more remark: There are fields and industries where productivity gains cannot be realised.

Ernst Fehr [@econ\\_uzh](#) #EconomicsForSociety

Up next, [@raffasadun](#) from [@HarvardHBS](#). Initial question: is #WFH hear to stay?

#WFH is not just a change from WHERE we work, but a change in HOW we work.

[@raffasadun](#) [@HarvardHBS](#)



# Hidden Organizational Costs?

WFH is not just a change in WHERE we work, but a change in HOW we work



Source: "Away from Home and Back: Coordinating (Remote) Workers in 1800 and 2020", Juhasz, Squicciarini, and Voigtländer, NBER wp 28251, 2020.



The real challenges of #WFH turned out to be burnout and meeting fatigue.

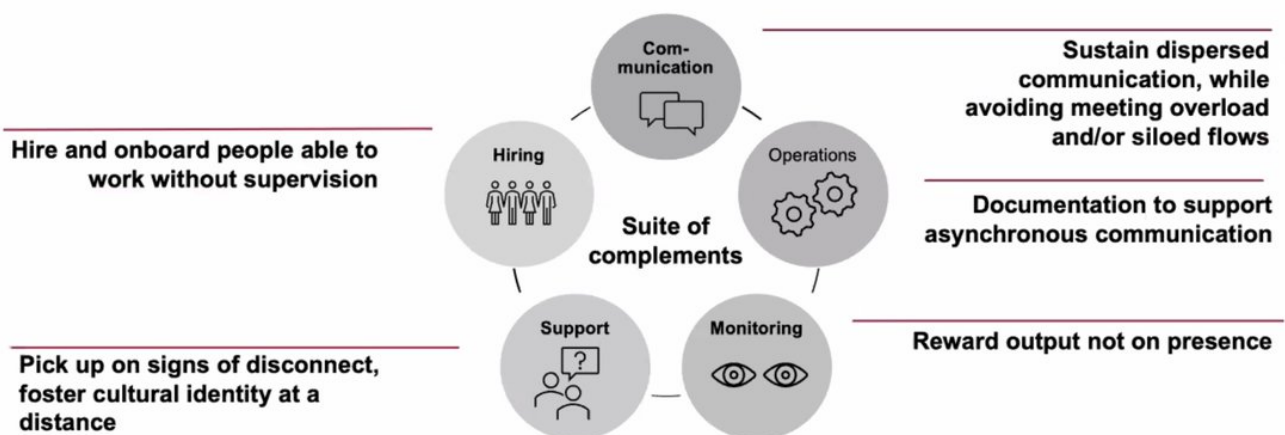
[@raffasadun](#) [@HarvardHBS](#)

#WFH is not a technological problem, but an organisational issue.

[@raffasadun](#) [@HarvardHBS](#)

## WFH is part of a broader set of complementary practices

WFH is not a technological problem, but an organizational issue



Leaders play a critical role in shaping transition towards an effective and sustainable #WFH. Three main areas of reflection:

1. Think systematically
2. Set up a learning process
3. Structured delegation

[@raffasadun](#) [@HarvardHBS](#)

Last but not least, [@Gerhard\\_Fehr](#) of [@FehrAdvice](#) on hybrid leadership and that it's a matter of choice (- and technology sometimes ■)

The new world of working is full of uncertainty. Leadership, based on experiments, guides the way from uncertainty, to risks, to results.

[@Gerhard\\_Fehr](#) [@FehrAdvice](#)

#### How does good leadership look like and what do we need in the new work environment?



The new world of working is full of uncertainty. Therefore, we need new leadership skills to lead organizations from this uncertain and complex environment into a future with facts, data and assessable expectations.

#### The five complementary elements of good leadership



Designing and implementing the **right strategy**



Efficiently **allocating scarce resources** in the company with well-designed top-management formats



**Develop, implement and improve sustainable management practices** in the company



Being a **role model** in the company and creating public goods for the society



**Leading with** factfulness and evidence



**THE MORE UNCERTAINTY RULES, THE MORE IMPORTANT ARE THE FIVE ELEMENTS AND A CONSISTENT PRACTICE OF GOOD LEADERSHIP**

**Leadership, based on experiments, guides the way from uncertainty, to risks, to results.**

Implement systematic experiments to access the underlying potential. Gathering the data provides the insights safeguarding the way towards the new work environment.

[@Gerhard\\_Fehr](#) [@FehrAdvice](#)

#WFH: Give choice to the people to match their preferences with the needs of the company.

[@Gerhard\\_Fehr](#) [@FehrAdvice](#)

! WFH has positive impacts on various aspects, such as: productivity, employer attractiveness, satisfaction and social interactions. These results are particularly driven by giving employees choice.

#### KEY RESULTS



**BUT...**  **- 50%**  
decrease in promotions

#### WHAT MATTERS: WHAT EXPLAINS THESE RESULTS?



**What do leaders have to do to reap the positive potentials of WFH and mitigate potential downsides?**

Source: Bloom, N., Liang, J., Roberts, J., & Ying, Z. J. (2015). Does working from home work? Evidence from a Chinese experiment. *The Quarterly Journal of Economics*, 130(1), 165-218. Case Studies FehrAdvice

FehrAdvice & Partners AG, January 2021

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Key principles: commitment, feedback, transparency, planning. Bring into practices by: daily rituals, weekly task and goal setting, bundle meetings.

@Gerhard\_Fehr @FehrAdvice

«Do in the office, what cannot be done virtually»

@Gerhard\_Fehr @FehrAdvice



« The future of office spaces is dramatically changing. The **real-estate ratio is decreasing**, and offices are the platform for **non-virtual and hybrid collaboration**. »

### Collaboration



### Health



### Informal Events



### Client Service



**Do in the office, what cannot be done virtually: Collaboration, health, client interaction or (informal) social events – new office designs need to reflect this.**

Trust has several aspects. It's a personality issue. Most people are well intentioned. Companies select based on character. They want to have trustworthy people. That 's the whole reason we have incentives.

Ernst Fehr [@econ\\_uzh](#)

Collective feedback is a great trust enhancer.

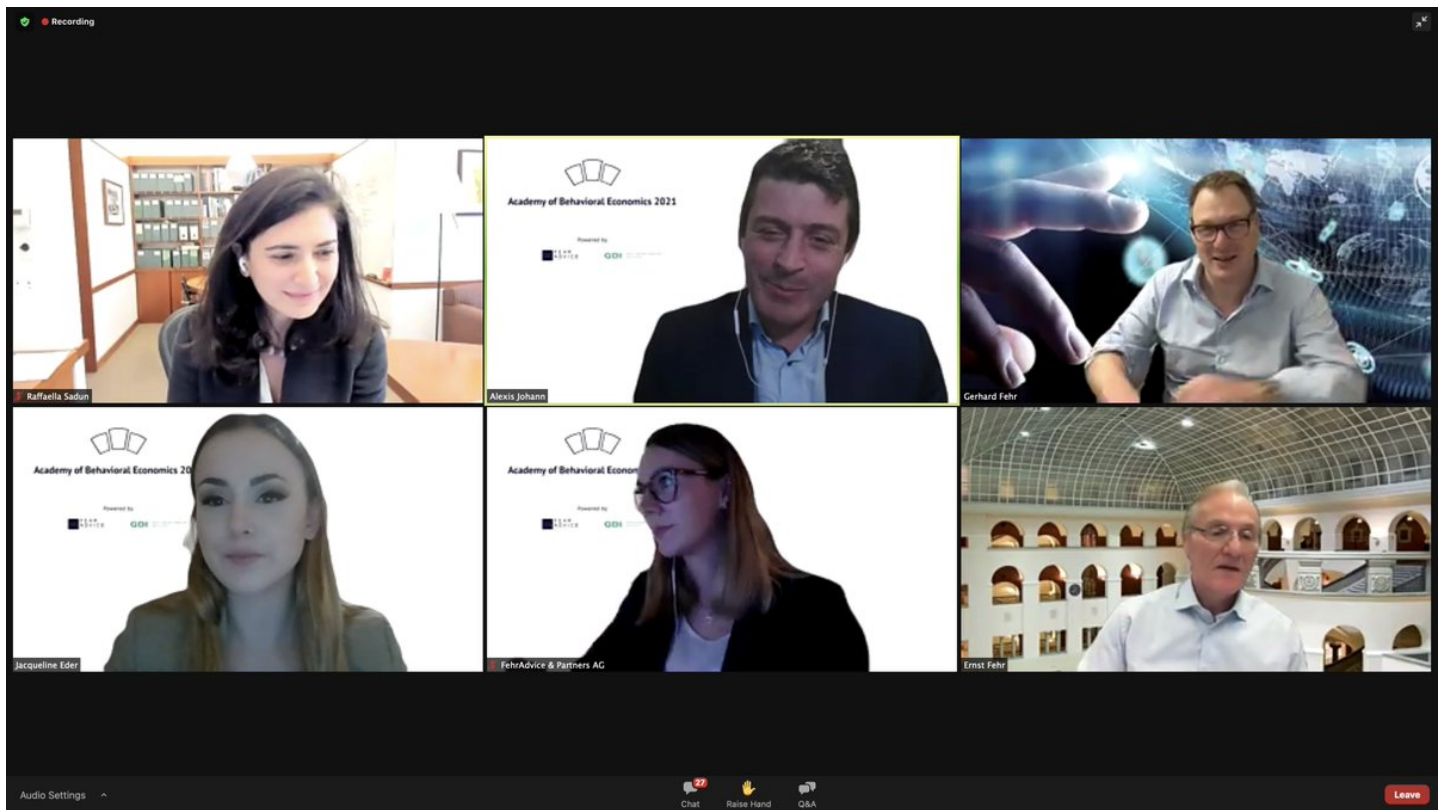
Ernst Fehr [@econ\\_uzh](#)

You need to constantly invest in culture for it to sustain.

[@raffasadun](#) [@HarvardHBS](#)

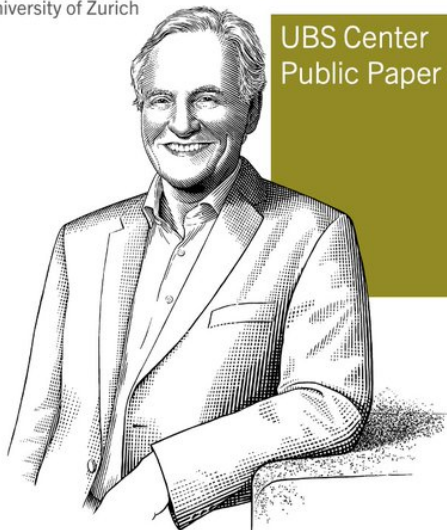
It's a wrap. Thank you!





If you are interested in the behavioral foundations of corporate culture, we recommend our UBS Center Public Paper by Ernst Fehr. Now available in English and German → <https://t.co/M1Hz3vuPtN>

 **UBS Center**  
for Economics in Society  
at the University of Zurich



UBS Center  
Public Paper #7

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UBS Center Public Paper

# **Behavioral Foundations of Corporate Culture**

Ernst Fehr