Impact of Work from Home on Employees' Morale

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Abstract

The COVID-19 pandemic has led to the widespread adoption of working from home as a new working framework. This research paper aims to understand and analyse the phenomenon of working from home and its impact on employee morale within organisations. The transition to a virtual work environment, along with the challenges and uncertainties associated with it, has increased individuals' nervousness and anxiety, ultimately affecting their morale and work performance. To address these issues, organisations have provided digital technology, communication infrastructure, flexible work settings and timings, and management support to promote work-life balance and enhance employee morale. This research study seeks to investigate the significant impact of working from home on employee morale by examining seven variables, including home working suitability, organisational communication, remuneration and incentives, career development, digital social support, job autonomy and supervisor's engagement. By employing a regression model, the correlation between dependent and independent variable has been examined, determining their statistical significance. The findings of this study aims to provide insights into the relationship between remote working or working from home and employee morale, ultimately contributing to the existing literature in this area.

Keywords: Working from home, COVID-19, Organisational Behaviour, Employees' Morale, Job Satisfaction, and Job Characteristics.

Introduction

An "office" is a common workplace that enhances employees' performance (Veitch, 2011). The arrangement of equipment and workstations within this space is known as office layout, which aims to create a comfortable environment while ensuring efficiency (Chandrasekar, 2011). Working in an office allows for comprehensive supervision and motivation of employees towards achieving organisational goals (Leonard, 1987). However, due to the global COVID-19 pandemic, preventive measures like lockdowns resulted in a shift from office-based work to remote work from home. Even

as the pandemic subsided, many offices continued to adopt work-from-home policies for their employees (Hallman et al., 2021)

The concept of working from home, also known as telecommuting, remote working, virtual working, or tele-working, is not entirely new. Prior to the industrial revolution, individuals commonly worked from their residences (Harpaz, 2002). Working from home involves employees performing their office duties either partially or entirely from their place of residence (Dey et al., 2020). This arrangement allows employees to save time from commuting and offers flexibility in working hours (Hensher et al., 2022). The time saved from commuting and the flexibility in working hours provide opportunities for employees to spend more time with family members and attend to personal matters (Kelliher & Anderson, 2010). However, working from home comes with challenges, such as the need for employees to invest additional money and effort in setting up office facilities at home (Bailey & Kurland, 1999). Moreover, both family members and employees may experience interruptions while working from home (Allen et al., 2021).

In urban economies, many employees have relocated from remote areas to expensive urban centres, where a significant portion of their salaries is allocated to rent payments (F. Wang & Zuo, 1999). Urban centres often present challenges related to housing, clean environments, access to clean water, and traffic congestion (Rana, 2011). Working from home allows employees to work from their hometowns, potentially reducing their rental expenses (Behrens et al., 2021). Consequently, there are various advantages and disadvantages associated with the work-from-home process (Ipsen et al., 2021). Employers can also benefit from employees working remotely, as it reduces the need for large office spaces and facilities, leading to cost savings on commercial leases (Khorsand & Peráček, 2023).

The saved time and flexible office hours can be utilised by employees to increase their efficiency. However, some employers express concerns about the lack of effective supervision in remote working arrangements, which could lead to resource wastage (Olson & Primps, 1984). All these advantages and disadvantages have an impact on the working atmosphere, ultimately affecting employees' morale (Z. Wang et al., 2020). Morale refers to the spontaneous expression of satisfaction, sentiment, comfort, mood, and perception towards the work environment (Lazarus et al., 2001). The morale of employees directly influences organisational productivity (Churchill Jr et al., 1976). Satisfied employees tend to have high morale, while dissatisfied employees naturally experience lower morale (Weakliem & Frenkel, 2006). Although it is established that working from home affects employees' morale, whether it leads to an increase or decrease is yet to

be determined through systematic research. Therefore, this study aims to investigate the impact of remote work on employees' morale.

Literature Review

The concept of remote work or working from home has gained significant attention, particularly in recent times due to the COVID-19 pandemic. This literature review aims to explore the impact of working from home on employee morale, focusing on its effect on productivity, work-life balance, and overall job satisfaction. By examining previous studies conducted by various researchers, this review identified a research gap regarding the influence of morale on remote workers and highlights the need for future investigation in this area.

Effects on Productivity:

In a study conducted by (Bloom et al., 2015), Nicholas Bloom and others, the effects of remote working on employee productivity were examined using a Chinese travel company as a case study. The researchers observed 1,000 employees, dividing them into two groups; working in the office and the other working from home, with the requirement to come to the office once a week. The study found that the efficiency of the remote working group increased by 13% with 9% attributed to an increase in working time and 4% to enhanced efficiency. The convenience and quietness of the home environment were identified as prime factors contributing to the improved efficiency. However, this study primarily focused on distraction levels and did not explore the role of morale in enhancing productivity.

Effects on Work-Life Balance:

(Kurniawati et al., 2021) conducted a qualitative study in Indonesia to analyse the effects of working from home on employee productivity and morale. The study collected data from both public and private institutions, examining employees' work enthusiasm while working from home. The researchers viewed morale as the deep pleasure derived from diligently completing assigned projects with responsibility. The study found that working from home fostered loyalty and trust, resulting in intrinsic motivation and satisfaction. However, the study did not directly investigate the impact of morale on productivity, representing a research gap in understanding the relationship.

Work-Life Balance and Morale:

(Hill et al., 1998) explored the impact of the virtual office, created by working from home, on work-related aspects and work-life balance. While the virtual office provided a relaxed and comfortable working environment with flexible hours, the study found increased workloads. However, this

study did not delve into the influence of morale, which is a crucial factor impacting productivity and reducing work stress. Therefore, there is an opportunity to investigate the relationship between working from home, morale, and work-life balance.

Identifying the Research Gap:

Through a comprehensive literature review, it becomes evident that previous studies have primarily focused on productivity, work-life balance, and other related aspects of working from home. However, the specific influence of morale on remote workers has not been extensively studied. Given that many organisations have adopted remote work practices, understanding the impact of morale on employees' work spirit and productivity becomes crucial. (Mukherjee & Narang, 2022) note that over 40% of both domestic and foreign companies have embraced the work-from-home culture after the COVID-19 pandemic. Therefore, it is imperative to address this research gap and contribute to the existing literature by investigating the impact of working from home on employee morale.

Rationale of the Study

Systematic research is needed to understand how working from home affects employee morale. This study aims to investigate the impact of remote work on employees' morale, considering the various advantages and disadvantages associated with the work-from-home process. By examining the relationship between remote work and morale, this study seeks to provide valuable insights for organisations navigating the shift to remote work arrangements.

Hypothesis

After reviewing the literature and identifying the challenges and concerns related to remote work, the following hypotheses were formulated:

H_a: Working from home positively impacts employees' morale

Variables

1. Organisational communication
2. Job autonomy positively
3. Remuneration and incentives
4. Career development
5. Digital social support
6. Supervisor's engagement
7. Home workspace suitability

Figure 1: Variables having an impact on Employees Morale

Our literature review has revealed that these seven variables have an impact on employees' morale and we assumed that all these have been sustained in the work-from-home framework.

H_o: Working from home does not positively impacts employees' morale

Research Methodology

We have collected primary data by conducting an online questionnaire survey using the Google platform in the month of February 2022. Framing the construction of the questionnaire, it is bifurcated into two sections (namely A & B): Section A included socio-demographic characteristics and other review-type questions while Section B included the quantitative information (Home Work suitability, Job autonomy, Organizational communication, Supervisor's engagement, Remuneration and incentives and Career development) for research. Based on the identified gaps in the literature review, a research model was developed, and hypotheses was formulated to establish a relationship between the independent and dependent variables. A survey questionnaire was created using appropriate existing scales, and a sample of 41 participants was surveyed.

The main source of data collection are people from various sectors like corporate sectors, educational institutions, students pursuing their masters and philosophy of doctrine & doing work side by side, business sector, part-time government employees, etc. who are most probably doing work from home. While sending an invitation to participate in the survey, we also sent brief descriptions of the study along with assuring confidentially to keep the responses protected. One important point to mention is that

the authors did not know the respondents and they were not selected from the authors' profile. All participants were requested to fill Section A of the questionnaire and Section B in continuation.

According to the present research, it was found that employees were able to sustain and enhance their morale regarding individual tasks even while working remotely. Independent Variables that were tested with subheads organisational communication, job autonomy, remuneration & incentives, career development, digital social support, supervisor's engagement, and home workspace suitability to Employee Morale and were tested for significance. All items were recorded on a five-point Likert scale (ranging from 1 = strongly disagree to 5 = strongly agree).

To minimise the impact of external factors on the research question, we included control variables in our analysis. We followed previous studies on working from home (WFH) by controlling for employee gender, age, education level, marital status, number of children, number of working hours per week, and experience of WFH (Yu & Wu, 2021). Gender was controlled using dummy variables (1 = female, 2 = male), while experience of WFH was also controlled using dummy variable (1 = no experience, 2 = experienced). Age was measured on an interval scale with the following categories: 1(18 – 24), 2 (25 – 34), 4 (45 – 54), 5 (55 – 64), and 6 (65 and above). Education level was categorised into four groups: high school/ secondary (matriculation), secondary school/ senior secondary (intermediate), undergraduate/ graduation, and post-graduate or above. The research of Yu & Wu has also indicated that marital status and the number of children may affect job satisfaction due to increased household responsibilities. Therefore, we controlled for marital status (1 = single/ unmarried, 2 = married) and the number of children (0, 1, 2, 3, 4, or more). Lastly, the number of hours worked per week was controlled using a four-point scale (1 = up to 39 hours, 2 = 40 – 49 hours, 3 = 50 – 59 hours, and 4 = 60 hours & above)

Results and Discussion

Statistical techniques were used to analyse primary data and draw conclusions from it, using the Statistical Package for Social Sciences (SPSS) version 26 and Excel's new version named as Microsoft Excel 2019. The researchers have carried out regression analysis and correlation studies.

Quantitative Analysis

In this research paper, the impact of working from home on employee morale is tested through a regression method in which some respondents who are working from home in different companies are considered as the independent variable and employee morale as the dependent variable.

Data analysis of dependent variable is analyzed from various themes like workspace suitability for the people who work from home under which we sought an opinion of people about whether suitable working space at home is available or not by giving 4 to 5 options with the use of Likert scale (ranging from "1= strongly disagree" to "5 = strongly agree"), job autonomy under which we enquired about smoothly job description provided by employer organisation and job challenge or stimulation, organisational communication infrastructure through which employees are delivering services work from home, supervisor engagement with employees, career development opportunities for employees, all these factors having an impact upon employees morale were assessed by applying Likert scale.

We have also asked people some qualitative questions for absolute analysis of data e.g. what was your weekly workload like while working from home in terms of hours? Prior to the COVID-19, did you have any experience working from home?, What is the general sentiment among employees towards working from home? Do employees prioritise organisational goals over their personal goals? Has the shift to remote work affected employee loyalty to the organisation? etc. by giving reasonable options to the respondents.

Regression Analysis:

The R-squared metric quantifies the strength of the relationship between the model and the dependent variable is, using a convenient scale that ranges from 0 to 100%. The coefficient of determination, r^2, for the relationship between Employee morale and number of employees working from home is 0.553. This means that 55.3% of the variance in employee morale is due to working from home. The remaining 44.7% is due to individual variation as shown in Table No. 1:-

Table 1: The Regression statistics of two variables

**(Employee's morale and working from home)**

Regression Statistics	
Multiple R	0.743873319
R Square	0.553347514
Adjusted R Square	0.497515954
Standard Error	1.005261781
Observations	10

Author's own work

The Standard Error measures the typical deviation between the observed

values and the regression line, providing a comprehensive indication of the average level of inaccuracy of the regression model in terms of the units of the response variable. In this particular scenario, the observed values deviate by an average of 1.005 units from the regression lines as shown in Figure 2.

Also, if we plot a scatter diagram, points close to the straight line show a stronger linear relationship between two variables. But in the plotted scatter diagram, the scattered points that lie around a straight line are not too close but it is positive. Therefore, for the working from home and employee morale data, the correlation coefficient is 0.74, referring to a moderate positive linear relationship between the two variables. In regression analysis, the standard error plays a significant role in assessing the precision of predictions. Typically, about 95% of observations should fall within +/- two standard errors of the regression, which provides a rough estimate of a 95% prediction interval. However, it is important to note the R-squared value, which is 55.3% in this case, does not reveal anything about the precision of the prediction interval. In addition, the first model has an S value of 1.005, which implies that the 95% prediction interval would be around +/- 2.01 units wide. Unfortunately, this width is too high for our prediction needs.
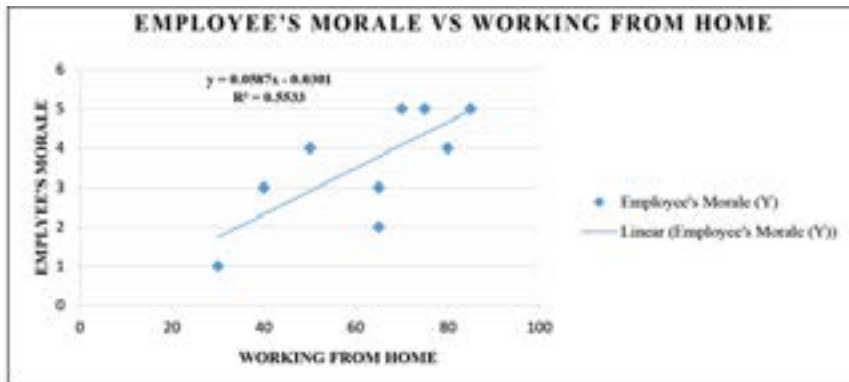
Author's own work

Figure 2: Regression line with the dependent variable and independent variable

Table 2 indicates that the F significance in our test is low. The significance level of 0.0136 is smaller than the predefined level of 0.05. The significance F denotes the likelihood of accepting the null-hypothesis in our regression model. It essentially refers to the probability that all the coefficients in our regression output are zero. The F value can range from zero to a signifi-

cantly large number.

Therefore, we have chosen 0.05 as a level of significance.

F Statistics: 9.911

P value: 0.013 (As per Table 2 ANNOVA and Table 3 coefficient)

Table 2 illustrates that the p-value is lower than the significance level, indicating that our regression model is better fit for the data in congruence with the intercept-only model.

Statistically, f (9) = 9.911, p = .013

Table 2: The ANOVA with F statistic and significance F

ANOVA					
Z	*df*	*SS*	*MS*	*F*	*Significance F*
Regression	1	10.01559001	10.01559001	9.911016407	0.013635932
Residual	8	8.084409991	1.010551249		
Total	9	18.1			

Source: Author's own work

We have analysed the regression coefficient to understand the average change in the response variable for a unit change in the predictor variable while keeping the other predicted variables constant. As per the equation in Table 4, the coefficient for working from home is 0.0587, indicating that every additional change in working from home can lead to an average change in employee morale by 0.0587. The blue colour of line in the graph also depicts the same information, where one-unit change in working from home results in a rise or fall of the fitted line by 0.0587. A flat fitted line (slope coefficient of zero) would mean that the expected change in employee morale remains constant, irrespective of the position on the line.

We have used a combination of a fitted line plot and table formation to showcase the coefficient as it helps to visualise the math. However, it is important to note that fitted line plots only display the results of simple regression, which involves only one predictor variable or the response as shown in Figure 3.
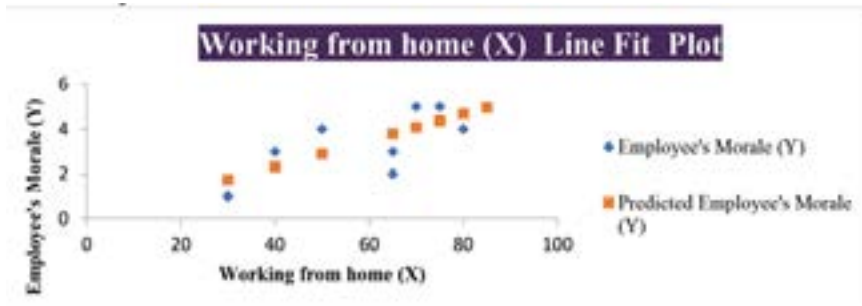
Source: Author's own work

Figure 3: Working from home line fit plot

We conducted a hypothesis test to determine whether working from home has a positive impact on employees' morale. Through a single linear regression analysis, we found strong evidence against the null hypothesis that working from home does not impact employee morale positively. As a result, we retain the null hypothesis and reject the alternative hypothesis.

The P-value of 0.013 is less than the predefined significance level of 0.05(α). Additionally, the R-squared value of 0.5523 is significantly greater than 0 but less than 1, as depicted in Table 3. These values indicate that working from home has a positive impact on employees' morale and the variable of working from home can predict a significant amount of variation in employee morale.

Table 3: Coefficient and p-value

|	Coefficients	Standard Error	t Stat	P-value
Intercept	-0.030146425	1.226762688	-0.024573967	0.980996694
Working from home (X)	0.058742463	0.018659202	3.14817668	0.013635932

Source: Author's own work

Figure 3 depicts how residual plots can help to determine whether a model is linear or not. A residual plot is a graph that displays the residual on the vertical axis and the independent variable, which is employees' morale, on the horizontal axis. If the points on the residual plot are scattered randomly around the horizontal axis, then a linear regression model is suitable for the data. However, if the points follow a non-linear pattern, then a non-linear model would be more appropriate.

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In this case, the data used in the analysis exhibited a random pattern, indicating that a linear model is a good fit for the data. This is further supported by the results in Table 4 and the fitted line plot in Figure 4.

Table 4: Residual Output

Observation	Predicted Employee's Morale (Y)	Residuals	Standard Residuals
1	2.31955211	0.68044789	0.717946299
2	4.669250646	-0.669250646	-0.706131993
3	4.375538329	0.624461671	0.658874768
4	2.906976744	1.093023256	1.153258043
5	3.788113695	-1.788113695	-1.886653819
6	4.081826012	0.918173988	0.968773108
7	4.962962963	0.037037037	0.03907809
8	3.788113695	-0.788113695	-0.831545397
9	4.375538329	0.624461671	0.658874768
10	1.732127476	-0.732127476	-0.772473866

Source: Author's own work
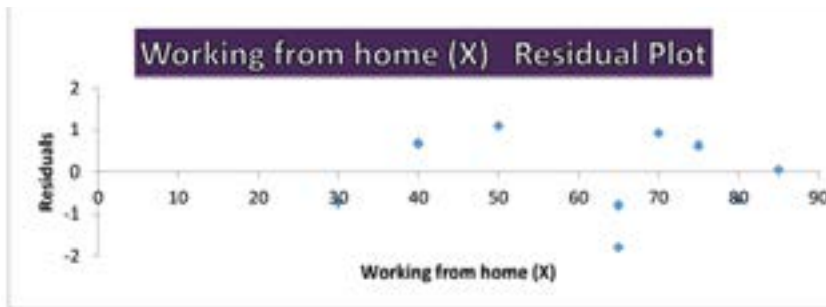
Source: Author's own work

Figure 4: Residual Plot

Conclusion

The quantitative method used in this research revealed that the overall model is significant, with a considerable impact of remote working or working from home on employees' morale. Survey results supported our hypothesis that independent variable, such as working from home, have a significant impact on employees' morale. The research further established

that digital technology, as a moderator and facilitator, also has a significant impact on employee morale. Therefore, the remote work model should continue post-COVID-19 considering its favourable impact on employee morale and productivity.

During the pandemic, numerous companies such as Accenture, Microsoft, Google, and Hike, had to switch to remote working without any prior preparation or training for employees. Despite this, both organisations and employees adapted well to the sudden migration, allowing for business continuity. However, for the long-term, a structured approach is required to maintain remote working with significant investments in developing a corporate culture that supports the model. Such a structured approach is necessary because along with the observed advantages of the remote working, some disadvantages have also been noticed, like lack of effective monitoring and moonlighting. While minimising the disadvantages of remote working, organisations should also look ahead to the work-from-anywhere (WFA) model and invest in advanced or futuristic tools necessary for the full adoption of this model. Training should be provided to employees, and feedback should be received and adapted accordingly for the successful implementation of remote working anywhere. Fortunately, there are many applications available that can facilitate the adoption of new approaches in the market, leading to increased productivity and morale.

The future of work appears to be remote working for those organisations that have already adopted this approach and a hybrid model for those transitioning post-pandemic. For organisations that have already allowed their employees to work from home, such as Airbnb, Allstate and many others, the work-from-anywhere model seems to be the way forward. The new work arrangement requires the reinvention of processes and policies. Employers can recognise the benefits of remote working and work from anywhere, which will eventually become the working model of the future. It is essential to design a futuristic model (WFA) that evolves with the following features:

- The operational model created will provide greater flexibility of working hours, agility through striking a balance between professional and personal life, and technological enabled remote working options, leading to improved work-life balance and higher employee morale.

- The model will facilitate the evolution of a corporate culture that is connected both externally and internally, where virtual collaboration will lead to higher morale.

- Managers will provide increased support, with a focus on ensuring employees develop competencies to work remotely and from anywhere, leading to higher morale.

- The model will help align business goals with employee expectations and cultural standards.

- Data-driven methods can be used to draw insights and understand learning patterns and employee morale.

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