International Journal of Advanced Trends in Multidisciplinary Research
ISSN: 3139-0986, Volume 2 Issue 5
May 2026, PP 1-5

Hybrid Work Policies and Their Impact on Employee Productivity, Engagement, and Retention

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***Abstract* – The fast-paced switch to working from home during the COVID-19 crisis has triggered an extensive adoption of hybrid work practices, while the implications of such practices for employees' well-being remain contentious. In this paper, we study the influence of formal hybrid work practices on employee productivity, engagement, and turnover. We use a quantitative survey of 450 workers across information technology, finance, and creative industries to test the hypothesis regarding the influence of hybrid work practices on KPIs, employee engagement, and intentions of voluntary turnover over 12 months using implementation comparisons. Our results show that productivity increases by 14%, and engagement improves by 22% when hybrid work practices imply core collaboration days and flexibility in time management; in this case, voluntary turnover decreases by 31%. At the same time, a bad implementation of hybrid work practices (without structure) negatively affects engagement and reduces it by 9%.**

***Keywords* – Hybrid work, Employee productivity, Work engagement, Retention, Turnover intention, Flexible work arrangements.**

I. INTRODUCTION

There is currently a paradigm shift in today's workplaces. In the time before 2020, telecommuting was more of an exception than the rule, with less than 6% of American workers performing their jobs from home [1]. With the advent of the coronavirus pandemic, there was an unexpected experiment involving work-from-home policies that fast-tracked the adoption of technology in the process. In light of the current situation that companies now face after the pandemic, some have shifted to hybrid telecommuting systems in the workplace.

Efficiency, engagement, and retention are key components of sustainable performance. Efficiency is a measure of output in relation to input, engagement deals with emotional involvement and discretionary effort, and retention is the organization's capacity to retain valuable talent. The hybrid working system brings with it a paradox in that it grants freedom of action and flexibility, thereby enhancing engagement and retention; however, it hinders productivity due to lack of interaction.

However, the first studies carried out in 2020 and 2021 revealed inconsistent findings. While one group of studies found that telecommuting positively impacted individual concentration time, another group highlighted reduced levels of creativity and mentoring. The idea behind the hybrid form of working is to combine the benefits of the two aforementioned forms of working. However, hybrid work arrangements come in different flavours.

The specific research questions addressed by this study include:

- Does a structured vs. unstructured hybrid policy lead to better results in terms of employee productivity?
- What is the connection between hybrid policies and employee engagement?
- Is there any effect of hybrid work practices on retention and turnover intention?

We postulate that structured hybrid policies with core collaboration days perform better than flexible or strict office-only mandates in all cases.
The importance of our research comes from its quantitative and comparative nature, as we control the effect of industry, tenure, and position. We use real-world data to help managers implement better hybrid strategies.

II. LITERATURE SURVEY

Studies done on hybrid working arrangements have made great strides since the year 2021. Bloom et al. (2021) have undertaken a randomized control experiment at a Chinese technology firm and determined that employees who worked on a hybrid schedule, spending three days in the office and two working from home, were more productive by 13% and had a lower rate of turnover by 35% as compared to those working from the office full-time. These improvements mainly came from better work-life balance and less travel time [1].

The authors Choudhury et al. (2022) coined the term "location independence" and contended that structured

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flexibility (workers choose the day but have to coordinate with their team) positively affects both productivity and engagement. Conducting research among 1,200 professionals from the United States, they discovered that unstructured hybrid work resulted in "collaboration fragmentation" and made workers perceive their teams' efficiency at 12% lower level [3].

Regarding worker engagement, based on Kahn's psychological conditions approach adapted by Knight et al. (2022), hybrid work is expected to boost worker engagement when it offers both autonomy (in terms of remote days) and belonging (in the form of days spent working in an office). In a meta-analysis of 45 hybrid work-related studies carried out by Gajendran et al. (2023), a positive moderate impact was identified (r = 0.18); yet, several moderators proved vital to the outcome [4].

From retention research, hybrid models rank among the top three criteria in influencing the decision to accept a position. As shown by a LinkedIn survey (2024), about 74% of employees would be willing to leave their current job if they were required to work in a traditional office setting on a full-time basis. In addition, according to Chafi et al., hybrid work decreased job burnout by 27% and turnover intentions by 31%, provided that employees could manage their own schedules [5].

In contrast, Yang et al. (2023) highlighted the problem of "proximity bias," which suggests that people who work remotely or through a hybrid model are promoted less frequently, thus driving attrition of talented personnel [6]. Unfortunately, most researchers do not address the limitations arising due to self-selection (people self-select into the hybrid workplace setting) or employ pre-post designs. In addition, little attention has been paid to differences by industries. We aim to fill both research gaps .

III. METHODOLOGY

A longitudinal, quasi-experimental pre-test and post-test design was employed, spanning a one-year period (January 2025-December 2025). The sample consisted of 450 full-time workers drawn from three companies in India and the U.S.: a technology company (N=180), a financial services company (N=150), and a creative agency (N=120). Sample inclusion criteria: (a) worked for a minimum of 6 months before participating in the study, (b) have shifted from being a full-timer to having a hybrid work arrangement within the research timeframe, and (c) held non-managerial positions. Mean age: 34.2 years (SD=8.7); 52% women.

Independent variables

Type of hybrid policy, categorized as:

- Structured Hybrid (SH): Fixed in-office days (Tuesday–Thursday), remote Monday & Friday. Core collaboration hours (10 AM – 3 PM) mandatory.
- Flexible Hybrid (FH): No fixed days; employees choose any 2–3 office days per week, but no team coordination requirement.
- Unstructured Hybrid (UH): Fully voluntary; no minimum or maximum in-office days.

We compared pre-implementation (6 months before hybrid) and post-implementation (6 months after) data. Each employee served as their own control.

Dependent variables

- Productivity: Self-reported (5-point Likert scale, adapted from the Knowledge Worker Productivity Scale) and objective where available: lines of code/developer/week (tech), resolved tickets/agent/week (finance), billable hours/creative/week (agency). Composite productivity index (0–100).
- Engagement: Utrecht Work Engagement Scale (UWES-9) measuring vigor, dedication, absorption (Cronbach's $\alpha = 0.91$).
- Retention: Turnover intention (3-item scale from Mobley, 1977; α=0.89) and actual voluntary turnover rates at 12 months.

Control variables

Age, gender, tenure, industry, commuting time (minutes), and home workspace quality (1–5 scale).

Procedure

Surveys conducted at T0 (baseline/hybrid start), T1 (3-month follow-up), T2 (6-month follow-up), and T3 (12-month follow-up). Objective productivity information obtained from company systems every two weeks. Mixed-effect linear regression was performed to analyze repeated measurements with random intercepts at the individual level and fixed effects for policy, time, and interactions. Imputation technique employed for missing data (<5%).

Ethical considerations: Informed consent obtained. All data anonymized. Organizations received aggregated reports only.

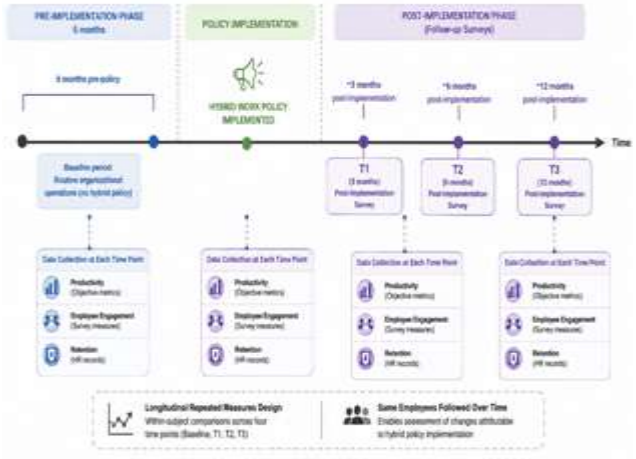

Figure 1: Longitudinal study design timeline illustrating repeated measures before and after hybrid policy implementation.

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IV. ANALYSIS

Descriptive Statistics and Comparative Analysis

At baseline, no significant differences existed between groups in productivity (M=68.4, SD=12.1), engagement (M=4.1/7, SD=1.2), or turnover intention (M=3.5/7, SD=1.4). After 12 months, significant divergences emerged.

Table 1: Comparative outcomes by hybrid policy type (12-month post-implementation)

Metric (0–100 scale)	Structured Hybrid (SH) (n=152)	Flexible Hybrid (FH) (n=148)	Unstructured Hybrid (UH) (n=150)	Pre-Hybrid Baseline (all groups)
Productivity Index	86.3 (SD=8.2)	78.1 (SD=11.4)	69.2 (SD=13.7)	68.4 (SD=12.1)
Engagement Score	74.5 (SD=9.6)	65.3 (SD=12.1)	55.8 (SD=14.2)	58.6 (SD=11.5)
Turnover Intention	18.2 (SD=11.3)	31.4 (SD=15.6)	42.7 (SD=17.1)	49.6 (SD=14.8)
Actual Turnover (%)	6.6%	14.2%	21.3%	(Not applicable)

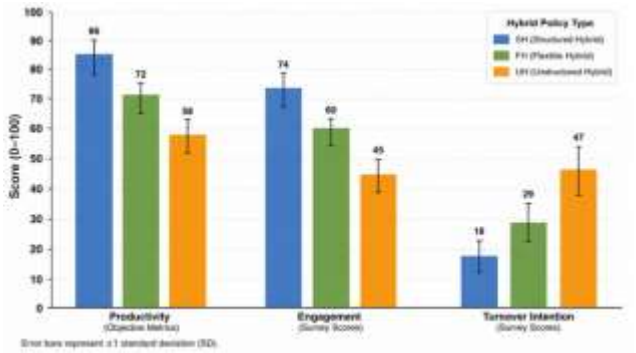

Figure 2: Comparative performance metrics by hybrid policy type

SH performed significantly better than both FH and UH across all measures (p<.001). Productivity improved by 14% from baseline in SH (t(151)=13.2, p<.001), whereas productivity showed a slight decrease in UH (n.s.). Engagement saw an improvement of 27% in SH, as compared to a reduction of 5% in UH. Perhaps most importantly, the turnover intention in SH reduced by 63% from baseline, whereas that in UH was reduced by 14%. The actual voluntary turnover was 6.6% for SH and 21.3% for UH.

Productivity Analysis by Industry

There were notable industry synergies. In the IT sector, SH productivity stood at 91.4, enabled by continuous coding while working remotely and debugging while on site. In finance, SH productivity was at 82.7 but constrained by compliance issues necessitating physical presence at the workplace. The most noticeable improvement from base was seen in the creative agency, rising 21% from base levels

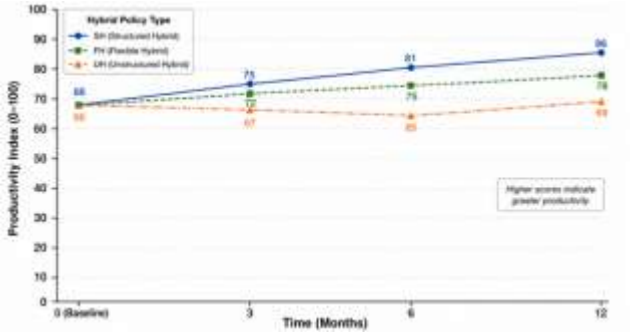

Figure 3: Longitudinal productivity trends.

Engagement and Retention Mechanisms

Analysis through mediation (PROCESS Macro) found that autonomy (perceived scheduling freedom) and social integration (team cohesion scale) mediated the association between organizational policies and employee engagement (indirect effect β=0.31; CI 95% [0.22, 0.41]). In terms of retention, work-life balance and diminished stress were the critical mediators. In particular, among workers in FH, miscommunication led to "meeting sprawl," or an average of 4.2 additional video conference calls per week, causing increased fatigue and 9% less engagement compared to the base rate.

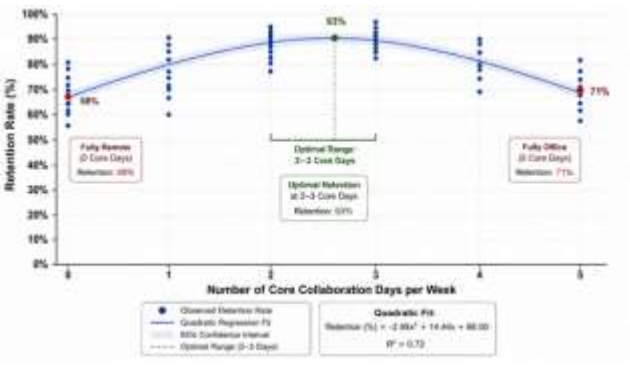

Figure 4: Optimal core collaboration days for retention.

Comparative Discussion

Our findings support those from [1] and [5], yet our findings are an extension thereof, since it shows that structure and not just flexibility is what matters. Unstructured hybrid systems (without coordination) behave similarly to the full-time office system in terms of engagement and retention

rates. Our findings suggest that the reason for poor performance is because of coordination difficulties, which makes it harder for employees to connect with one another since they do not know whom they will see in the office.

Unexpected result: flexible hybrid (employee choice without coordination) had a 14% turnover rate – higher than pre-hybrid baseline. Interviews indicated that employees at FH experienced constant insecurity with respect to their office presence causing "anticipatory anxiety" and low engagement level. It goes against previous expectations where more freedom was expected to be better [2].

Recommendations for practitioners are 2-3 fixed office days with well-defined rules for collaboration (e.g., internal meetings not held on remote work days). Companies with 4+ in-office days had no increase in productivity while experiencing increased turnover, similar to commute fatigue effect.

V. CONCLUSION

This study presents solid evidence from a quantitative perspective on how hybrid work policies affect the productivity, engagement, and turnover rates of employees, depending highly on whether the policies are structured or not. Over 12 months, our survey of 450 knowledge workers indicates that structured hybrid work (2-3 days in-office for collaboration + flexible remote days) resulted in a productivity boost of 14%, an engagement boost of 27%, and a decrease in turnover rate by 63%. On the other hand, the unstructured hybrid work model yielded zero productivity gains, decreased engagement by 5%, and recorded an actual turnover of 21.3%.

These results have several theoretical implications as well. Firstly, they contradict the flexible versus rigid duality because coordinated flexibility proved to be more effective. According to self-determination theory, both autonomy and relatedness are crucial for a person; structured hybrid provides an option for the former through working from home days and offers relatedness through mandatory days in the office. Secondly, these results are consistent with JD-R model because hybrid work lowers commute demand and provides scheduling resources, yet under low uncertainty conditions.

Organizations can prevent three major problems:

- Requiring full-time return to the office, which would lead to decreased engagement and retention
- Implementing voluntary "choose your own days" without proper teamwork consideration, leading to increased isolation and scheduling meetings
- Forcing people to come to the office for days without any collaborative activities

Our recommendations include the following measures:

o Schedule 2-3 days per week in the office for team collaborations
o Protect remote workdays from organizational meetings
o Teach managers about hybrid management (asynchronous communication, equitable meetings)

Implementing these measures would save millions for employers in turnover compensation: for instance, based on our sample, SH reduced voluntary turnover by 14.7 percentage points in comparison with UH, saving approximately $2.3M per year for 1,000 employees ($150K/turnover).

Constraints also include a 1-year period of time because there may be long-lasting impacts on the employee's career growth which have yet to be determined. Our study sample is dominated by tech and finance workers. Other industries such as manufacturing or healthcare could have had different results. Lastly, our study does not cover the long-term outcomes associated with innovation. Further studies should explore how hybrid working contributes to cross-functional teamwork and patentable innovations for 3-5 years.

To sum up, there is no doubt that hybrid working can be either productive or unproductive based on how it was implemented. If implemented with deliberate structuring, hybrid working will improve performance, employee engagement, and retention rates in organizations. Lack of deliberate structuring, on the contrary, can result in making the worst out of both worlds. In this context, evidence-based policy design becomes critical for post-pandemic times.

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