LUISS

The evolution of Smart Working in a rapidly changing world

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INTRODUCTION

The choice of the topic of this paper stems from a strong interest in an emerging organizational model of Smart Working. Having started working in July 2021 in a consulting firm, I immediately interfaced with this new way of working; Hence, in writing this thesis I tried to analyze it in depth through the study of research, articles and documents published on the subject.

This paper aims to analyze the evolution of remote work, until the rise of the smart approach that we know today. In analyzing this topic, the benefits and disadvantages arising from its application have been highlighted, from three points of view: environment, worker and companies, emphasizing the attention on the radical and sudden change imposed by the global pandemic of Covid-19. Finally, in the last part of the thesis the focus has been on the Italian situation pre-Covid and post-Covid, with an in-depth regulatory study, an examination of prospects and a review of my personal experience with the smart working approach.

In the research, the history of telework is retraced, starting with a literature review of the terms in the first chapter and analyzing in detail the fundamental components and characteristics of smart working. In the following chapter, the focus is set on the analysis of the advantages and downsides deriving from the smart approach, from the environmental point of view, from the perspective of the worker and that of the companies that adopt the practices, carried out through a study with a cause-effect approach.

The third chapter examines the theories developed on the correct implementation of smart working, with an initial in-depth study of the concepts of Change Management and Leadership, and the analysis of two of the best-known models for monitoring transformations within the company.
The last chapter, on the other hand, focuses on the Italian situation and existing legislation before and after the global pandemic, with a final paragraph on my experience in approaching smart working practices in Deloitte.

CHAPTER I – WHAT IS SMART WORKING?

In the recent years, from the start of the new millennium, many changes, mainly related to technological development and globalization of markets, had brought an important socio-economic development of our society.

Over the years, there have been many progressive changes in the work industry, and, in order to understand this transformation, we must analyze the chronology of changes throughout recent history.

There are two major periods we could identify[1]. The first one between 1980s and 2005, while the second one started in 2005 and is still ongoing. Within the first period, the concept of worker mechanization begins to lose its value as a consequence of the service economy.

The first period is related to post-Fordism. This is the next chapter after Fordism[2], one of the most famous theories in history, born from the idea of the revolutionary Henry Ford in the 10's. His idea was born to make the production process more efficient in manufacturing industries and has managed to influence all currents of thought in Europe and the East for the entire century.

Post-Fordism is its direct evolution, with the approach to digital information and communication tools. All the concepts and principles developed and evolved in this first period contributed to the birth of another current that, from 2005 onwards, laid the foundations for what we now call smart working.

The second period, from 2005 to the present, has been analyzed by the scholar Thomas Khun[3] through the study of the many scientific revolutions that have transformed the criteria and models developed in previous years. Those ones brought to an approach to the world wide web and all the tools that come with

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[1] Seghezzi, F. "Le grandi trasformazioni del lavoro, un tentativo di periodizzazione." WP Adapt 169 (2015).
[2] Hudson, R. (2009) 'Economic geography : Fordism.', in International encyclopedia of human geography. Amsterdam: Elsevier, pp. 226-231.
[3] Thomas Kuhn, La struttura delle rivoluzioni scientifiche (The Structure of Scientific Revolutions, seconda versione, Chicago University Press, 1970), Einaudi, Torino, 1999. ISBN 880615205X

it, such as computers, smartphones and tablets. As a consequence of this process, workers have now at their disposal a variety of work tools that allowed them to be able to decide the place and time in which to complete a given task, giving birth to practices such as telework and smart working.

Looking at the literature, from the rise of this term to nowadays, we cannot find a unique definition of the concept of smart working. Anyhow, there are several different definitions, with a focus on different aspects that characterize the phenomenon.

In order to clarify the concept and have a clearer view, we can use two definitions provided in the past decade by two different perspectives:

- *"Thanks to digital technologies, available devices and people's propensity for virtual interaction and relationship, it is now possible to rethink work organization models, but the transition to Smart Working is much more than a project of technological innovation. It means, in fact, to question stereotypes about places, times and tools of work allowing people to achieve at the same time a greater professional effectiveness and a better balance between work and professional life"*[4]

- *"Smart Working involves developing a new culture. It is not about doing things in the old way with some new technologies and redesigned offices – it is about new ways of working using new tools, new processes and new approaches to management and teamwork. This requires different types of behavior and different expectations about how work is done"*[5]

Looking at these two definitions, we can deduce that the organization's system was restructured in such a way to increase individuals' performances, providing more flexibility and autonomy by leveraging the so-called "job satisfaction",

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[4] Osservatorio Smart Working, Politecnico di Milano (2014)
[5] Andy Lake. Flexibility.co.uk (2011) The Smart Working Handbook. How to reduce costs and improve business performance through new ways of working.

and at the same time leading to an improvement of workspaces through collaborative technology, making the tasks easier, faster and more efficient[6].

Smart working indeed applies a holistic approach, aiming at making the entire organizational structure more flexible, acting over three fundamental elements (called the 3 Bs[7]):

- Bricks: redesigning physical workspaces of the company, with the goal of creating a virtual working environment, instead of a physical one, that can increase productivity.

- Bytes: reconfiguring the way of working, overcoming physical and temporal limits, meeting the needs of individuals through technological tools available for employees.

- Behavior: the main change needed in order to follow smart working rules are related to trust, which should characterize every relationship between managers and employees, and among employees, without limits related to space and time.

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[6] Vaida & Seetharaman. Whole-Wheat Bread for Human Health. 2020. doi: 10.1007/978-3-030-39823-1_6.

[7] Clapperton, G. & Vanhoutte, P. *The* smarter working manifesto. ESTE. Sunmakers. 2014. 978-1908693174.

1.1 THE ETYMOLOGY OF THE TERM

Through years, we have witnessed a change in the conventional concept of work and also on vocabulary related to the work environment, with new terms and definitions evolved over the years. In the recent history, we can observe how the first forms of flexible work can be traced back to 1970s from some experiments carried out in the USA.

During that period, the terms "telecommuting" and "telework" were born, with two different meanings[8]. The first one was born to define flexible working mode focused on producing positive outcomes on pollution, with the main objective of reducing mobility.

Telework, on the other hand, has a completely different meaning. It refers to the possibility of working without the constraint of a defined working space, using technological tools[9].

In the literature it is possible to find many different terms referring to flexible working practices, which are frequently confused: *remote work, mobile work, flexible work and agile work*. They mainly focus on the place where job tasks are carried out by employees. The term "*mobile*", indeed, implies that tasks and work can be done in motion, moving from one place to another. For instance, in a train, while travelling, but also at home, in a co-working space; these latter are now wide spreading, thanks to companies such as WeWork or Regus, who own physical spaces among the whole world and put part of these spaces at disposal of people.

The concept of *remote working* is better specified considering technological supports related to this type of work: the comparison and the relationship with

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[8] Ferdinando Toscano, Salvatore Zappalà. Smart working in Italy: Origin, diffusion and potential outcomes, in "Psicologia sociale, Rivista quadrimestrale" 2/2020, pp. 203-223, doi: 10.1482/96843.
[9] Garrett RK, Danziger JN. Which Telework? Defining and Testing a Taxonomy of Technology-Mediated Work at a Distance. Social Science Computer Review. 2007;25(1):27-47. doi:10.1177/0894439306293819

employees, colleagues and customers is mainly through software and applications such as Microsoft Teams, Zoom, Skype etc.[10]

We can then define smart working as "*an approach to organizing work that aims to drive great efficiency and effectiveness in achieving job outcomes through a combination of flexibility, autonomy and collaboration, together with optimizing tools and working environment for employees*"[11] .

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[10] Samek Lodovici, M. The impact of teleworking and digital work on workers and society. https://www.europarl.europa.eu/thinktank/en/document/IPOL_ATA(2021)662907

[11] CIPD. *Annual Report.* 2008. https://www.cipd.co.uk/Images/annual-report_2008-9_tcm18-11765.pdf

1.2 COMPONENTS OF SMART WORKING

When talking about smart working, we have to underline and analyze two main aspects: spaces and relationships.

This section, hence, will focus on the fundamental elements on which smart working is based, highlighting flexibility as a key component in this matter, and other factors such as collaboration and motivation.

In order to emphasize smart working among the company culture, top management have to support a change in the mentality of employees, meeting innovative needs and having a positive outcome in the entire environment.

One of the key aspects in this process is motivation, since it is the fundamental factor that drives workers in a process of developing skills and competencies, as well as in maintaining concentration on their work by having a broader view of the task and responsibilities. In this sense, individuals are spurred into action.

Motivation can be defined as "*a positive energy from which individuals are invested by the achievement of work performance and in belonging to the organization that makes the individual continue to be constantly engaged in their work*"[12]. Motivation is such a fundamental asset in the hands of managers to maximize employees' performance.

Increasing motivation is indeed the first challenge that HR departments must face so that the employee feels part of a larger mechanism, i.e., the company, and, consequently, increase the effectiveness of their work. In fact, to obtain the highest performance, there has to be equal balance between employees' skills and motivation around the working environment.

Traditionally, motivation has been interpreted as extrinsic motivation, related to the achievement of some benefits or rewards. This perception has mutated over

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[12] Argentero, P., Cortese, C.G., Piccardo, C. Psicologia del lavoro. Psicologia del lavoro Vol. 1. Raffaello Cortina Editore. 2007.

years because these benefits could be not so effective and do not actually stimulate enough to generate a positive outcome in productivity[13].

On the other hand, another type of motivation is "intrinsic motivation", which is defined as *doing an activity for intrinsic satisfaction, rather than for some consequences it entails*[14],[15].

To truly understand intrinsic motivation, Daniel Pink defines three key aspects that must be delivered in order to create an intrinsically motivated team[16]:

- Autonomy: which represents the desire to control ourselves. This has been analyzed in the "self-determination theory" and appears to generate satisfaction among employees, who are pushed to perform their tasks better.

- Mastery: has been defined as "*knowledge and skills that allow employees to do, use and understand something better*"[17]. Workers must be pushed beyond their limits and comfort zones to improve skills, generating the desire to master their skills.

- Purpose: is the desire to work for a bigger aim. Every employee has to work and improve for something else then their paychecks. They may believe in company culture or statement, pushed by values.

In the next section, we will analyze these three factors in depth, in order to have a clearer view.

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[13] Deci, E. L. & Ryan R. M. *International Encyclopedia of the Social & Behavioral Sciences*. 2001. *doi: 10.1016/B978-0-08-097086-8.26036-4*

[14] Ryan, R. M., & Deci, E. L. Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being. American Psychologist, 55(1). 2000. https://doi.org/10.1037/0003-066X.55.1.68

[15] Pacassoni, E. Motivazione intrinseca: cos'è e perché è così importante. Taskomat. 2020.

[16] Pink, D. H. (2009). *Drive: the surprising truth about what motivates us.* New York, NY: Riverhead Books.

[17] "Mastery." *Merriam-Webster.com Dictionary*, Merriam-Webster, https://www.merriam-webster.com/dictionary/mastery.

Autonomy can be identified as the level of freedom that management gives to an individual in carrying out its tasks. This means that the employee has to master the ability to manage their work program and autonomously reach its goals, choosing the most suitable method. Smart working is characterized by flexibility and autonomy in the choice of spaces, timetables and working tools.

Furthermore, the typical practice of strict control could negatively influence workers' performances. This model is inefficient with limitations to productivity and jobs where the core skills are related to creativity and sense of enterprise are the most affected by this framework.

According to a study conducted on a group of management Indian graduates, when applying for their first job, these people appear to be more attracted by long term growth factors, rather than offers with higher benefits in the short term, but a smaller professional growth within the company over the years. an example of this practice can be found within the big advisory and auditory firms that use this method to sign graduates. Indeed, they promote a long-term internal growth, which psychologically encourage students to apply and aim for growth toward top management positions, generating satisfaction and, consequently, improving productivity.

In order to better implement smart working, the organizational design of the company should encourage work autonomy, for example by re-thinking in the working relationships among employers and employees and the abandon of physical workspaces. It is essential to allow individuals to choose whether this new kind of working method may fit their needs and have positive repercussions on their private lives.

1.3 COLLABORATION AND COMMUNICATION

Closely related to smart working is the concept of Intelligent Workplace, which intends a "virtual workspace" with its shaped UCC-tools (Unified Communication and Collaboration), and which offers to employees the possibility to realize interactions between them.

There are many types of work interactions, where social entities are involved in joint activities aiming to reach a common goal and to enhance their effectiveness and company's competitive advantage.

Among firms adopting smart working, collaboration and communication are two key factors, both acting vertically among manager and employees and horizontally among employees working on the same project or in the same macro-team. Once a manager seeks to implement smart working, they have to communicate the change to employees and involve them as much as possible, making them feel part of the change and the innovation.

To adopt innovation, technological instruments are needed, as well as skills and techniques to ensure nothing is lost in interaction among workers operating in different locations[18]. When defining skills, tools and practices, we must classify the kind of collaboration in a company:

- Team collaboration: horizontal, with a clear distinction on each member's independence, autonomy, and leadership. Everyone has a fixed role and knowledge to transmit. The goal is shared, and everyone pursue the same objective.

- Community collaboration: where the goal is focused on learning rather than the material result. It represents relationships among people working in the same

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[18] Penley, L. E., & Hawkins, B. Studying interpersonal communication in organizations: A leadership application. Academy of Management Journal, 28(2). 1985. https://doi.org/10.2307/256203

company and the leader is very present in the project, but relationships among employees are not well defined.

- Network collaboration: where the network is a key tool for sharing knowledge and information. This kind of collaboration is driven by tools that made possible interaction among individuals from different locations.

It is important for companies to constantly check and improve their internal communication system and understand how employees feel about it. Every worker needs training to adopt a new technology tool and the firm must provide it. This should be a major issue for very small and international firms. Especially in Italy, where digitalization among institutional firms is so little and elder employees are against this technological change.

There are two guidelines for the correct implementation of new solutions to enhance communication's performance among the firm[19]:

- Implementing a brand-new set of tools for communication activities

- Managing traditional tools in a new way

The second option appears to be harder, since the current process of communication in bigger companies is completely made by tech tools, allowing employees to be constantly in touch through digital devices. This could be a problem for smaller firms that have to keep up with international companies.

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[19] Solimene, A., Hartog, K. L. & Tufani, G. *The Smart Working Book.* Seedble s.r.l. http://www.thesmartworkingbook.com/. 2015.

CHAPTER II – BENEFITS AND DOWNSIDES OF SMART WORKING (ENVIRONMENT – EMPLOYEES – COMPANIES)

In the previous chapter we tried to classify the concept of smart working, analyzing how it is characterized and trying to define it as a business model or approach aimed at improving the working environment through a combination of autonomy, flexibility and collaboration.

This chapter will focus on analyzing the benefits that could be obtained by a perfect adoption of this organizational model and some indications to achieve it.

On the other hand, we always have to analyze bad implementation possibilities and errors that it is necessary to avoid.

In order to have a clear view, the analysis will take into consideration three different perspectives:

- Environment's view
- Worker's view
- Company's view

In the second part of this study, we will understand how workers can be affected, both positively and negatively, by the adoption of this practices. The main concept to understand and analyze when talking about smart working is the "work-life balance". This has always been a taboo in the relationships between managers and employees and has so many repercussions on how the tasks are carried out.

In this regard, I will forever remember a phrase said by one of my professors during my high school years while discussing motivation and job satisfaction: "an unsatisfied worker is an unproductive worker".

Analyzing this concept, it is important to understand that employees could go through a drop in efficiency, a sense of fatigue and a lack of ideas during their work life. This could reflect in a problem which is widespread, both globally

and in Italy. According to Aon Hewitt[20], 7 out of 10 workers in Italy define themselves as "unsatisfied employees", unhappy with their position, their relationships among the company or their tasks.

It is crucial for managers to understand and evaluate this possibility among its workforce, and to understand the elements which negatively impact upon the business environment.

According to Aon Hewitt's research, the percentage of employees satisfied with their job and their companies globally were 63% in 2016. In Europe, this average is even lower. In fact, 42% of employees described themselves as dissatisfied in the same year.

Some elements determining this high rate of unsatisfaction have already been linked to whether employees feel they are making a real contribution to the company and whether and to which extent their efforts are recognized by superiors. Other causes of frustration are linked to low pay, rigid working hours, unhealthy working environment and lack of free time to spend with the family.

The purpose of this chapter is to understand how smart working enhances work-life balance making employees feel free to decide where and when do their tasks, hence generating positive outcomes on satisfaction and motivation.

The last part of the chapter, finally, will examine every benefit related to the enterprise. In particular, how this model could be better applied in order to have positive repercussions on costs, sustainability and employees' productivity.

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[20] Global Trends on Employees Engagement. https://www.aon.com/middle-east/thought-leadership/hr/2016-trends-global-engagement.jsp. Aon Hewitt. 2016.

2.1 ENVIRONMENTAL ASPECTS

When talking about smart working and telework implementation, it is necessary to consider how this approach reflects on the environment, before analyzing pros and cons for employees and companies.

There are many important factors with positive outcomes on the environment, and they mainly come from avoiding the commute from home to the office space every day. The ENEA, i.e., the Italian national agency for new technologies, energy and sustainable economic development, has calculated that smart working could reduce daily mobility by an average of one and a half hour per person, with a total of 46 million kilometers avoided. This reduction reflects in 4 million euros saved for fuel purchases, equal to a reduction of 8 thousand tons of CO_2 emissions.

In 2018, a study carried out by Development Economics on behalf of Regus (which is an international company that grants co-working spaces for its users all over the world), analyzed the impact of flexible work among sixteen countries, with the goal of reducing CO_2 emissions by 214 million tons before 2030. Just to contextualize and have an idea of the scale, to reach the same amount of CO_2 reduction from the atmosphere, we would have to plant 5.5 billion trees over the next ten years[21].

It is clear that working from home produces several primary impacts on carbon dioxide emissions. The main changes are related to energy consumption in office buildings, especially heating, cooling and lighting. Other impacts would be related to information and communication technologies, like the number and type of devices used (mostly computers and printers). At the same time, we can take into account also take-away food and beverage resulting in less food waste and more sustainable food choices, less packaging, disposable dinnerware, napkins, sauces and straws.

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[21] Regus. Magazine US. The workplace revolution – a picture of flexible working. 2018.
https://www.regus.com/work-us/en-us/the-workplace-revolution/

Anyway, the issue on environment is not so straight forward. It is not axiomatic that smart working enhances environmental sustainability. On the contrary, not every building can be considered the same. On many occasions, environment sustainability can be reached in office spaces when companies invest in green buildings, with the *Platinum LEED* certification (Leadership in Energy and Environment Design). In this case, it is difficult to compete for employee's houses. One example of this is the Triodos Bank headquarters in the Netherlands, a circular building designed by RAU Architects. It is a "cathedral" dominated by wood and held together by almost 200 thousand screws, with a reduced environmental footprint with less emissions than the sum of every employee houses.

2.2 WORKER'S PERSPECTIVE

As aforementioned, the central point of this new approach is human capital[22]. Companies and their HR departments understood more than ever that resources management must change from a traditional definition and control of tasks to an approach more focused on results, with KPIs to measure objectives.

At the same time, productivity will be evaluated differently. One of the main techniques is the "Check-in" system, with a periodical evaluation of every worker's performance in terms of deadline management, tasks quality, effort in terms of time and stress management during high demanding periods.

In this paragraph, we will analyze the three most important factors that result from a correct implementation of smart working. At first, work-life balance, which is enhanced by space and time disruption through this model and affect the two following instances: job satisfaction and motivation.

2.2.1 WORK-LIFE BALANCE

Starting from the definition, "work-life balance" refers to what the company puts in place in order to achieve the best harmonization and balance between work life, during the job hours, and employees' personal lives, with reference to the family[23].

This issue has always been a concern for workers interested in obtaining a broader quality of life. It only has been discussed lately, but it roots trace back to 1960s, when the massive entry of women in the working environment has generated personal lives transformation, which brought this issue in the foreground.

[22] Cantoni, F., & Mangia, G. (Eds.). Human Resource Management and Digitalization (1st ed.). Routledge. 2018. https://doi.org/10.4324/9780429425288

[23] Redmond, J., Valiulis, M. & Drew, E. (2006) *Literature review of issues related to work-life balance, workplace culture and maternity/childcare issues*

In the recent years, following the technological development, as an answer to innovative human resources management practices, it has been even more discussed.

In the very first period, back in the 60s, this concept was closely related to women rights, in terms of reconciliation of private and working life. Later on, it became a real model of human resources organization, with the adoption of Employee Assistance Programs (EAP) starting from 1970s by American firms.

During this second period, five main models were used by Zedeck, Mosier and O'Driscoll[24] in the 1990s, to explain and classify the relationship between work and life outside offices.

The first one is the *segmentation model*, which hypothesizes that private and work life are two distinct domains of life and can't influence each other.

In contrast with this, the *spillover model* assesses that these two worlds can actually influence one another, both positively and negatively. To analyze this model, we should know which are the key influencing factors and how they act, linked to job satisfaction, turnover intentions and many more personal ones, related to health behaviors of individuals[25].

Another model is called the *compensation model*, which proposes that people try to make up for deficiencies in one field by compensating for the other one. So, if an employee is going through a stressful time at work, they may research positive experiences at home.

The fourth theory is the *instrumental model*, where activities in one sphere may facilitate success in the other one. This model basically considers every behavior in the personal life that could have positive effects on the professional one,

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[24] Zedeck, S., & Mosier, K. L. (1990). Work in the family and employing organization. *American Psychologist, 45*(2), 240–251. https://doi.org/10.1037/0003-066X.45.2.240

[25] Moen P, Fan W, Kelly EL. Team-level flexibility, work-home spillover, and health behavior. Soc Sci Med. 2013 May;84:69-79. doi: 10.1016/j.socscimed.2013.02.011.

starting from attending courses, to undertaking a long working routine, sacrificing hours of sleep or time for family and friends.

The final model is called *conflict model* which states that high levels of demand in one of the two spheres will involve difficult choices that could get in conflict with individual occurrences[26].

Researchers state that these five models could affect an individual at the same time, getting spillover from one sphere to another, at the same time looking for compensation in one of the two worlds and often gaining conflicts and this is even harder in dual-career families.

In a wider perspective, we should analyze and evaluate the boundaries between work and the rest of life. One recent approach which may help understand it better is the *broader theory*[27].
This model argues that every day, employees are cross borders as they move from home to work, and this is enhanced in cases where people work from home, both because of jobs such as hôtellerie and farming, which imply that worker's home coincide with their job space, and most of all, in the recent years, by smart working.

In this view, it seems that smart working could bring to a blurring of the boundaries in the work-life balance. In my opinion, these two spheres should be kept separated in order to improve the quality of both life and work.

In the following section, we will see two definitions of work-life balance, in order to have a clearer view:
"*Work-life balance practices are concerned with providing scope for employees to balance what they do at work with the responsibilities and interests they have*

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[26] Guest, David E. "Perspectives on the Study of Work-Life Balance." Social Science Information 41, no. 2 (2002): 255–79. doi:10.1177/0539018402041002005.

[27] Clark, Sue Campbell. "Work/Family Border Theory: A New Theory of Work/Family Balance." Human Relations 53, no. 6 (June 2000): 747–70. https://doi.org/10.1177/0018726700536001.

outside work and so reconcile the competing claims of work and home by meeting their own needs as well as those of their employers"[28].

"Work-life balance refers to the ability of individuals, regardless of age or gender, to find a rhythm that allows them to combine employment with their caring responsibilities and personal life outside the workplace"[29].

What is more important, is that the company is able to ensure an organizational scheme that supports employees in improving this balance. In fact, big successful businesses are characterized by the ability to abandon inadequate configurations of the working environment, introducing principles that underpin responsibility, collaboration, autonomy and talent development, being careful about new business objectives and employees' needs[30].

The main threat of underestimating work-life balance and using inadequate organizational structures, is the loss of exploitation of the entire employee potential. For this reason, many companies are rethinking their business in order to support smart working.

Many consulting firms, in fact, are promoting mindfulness and wellbeing programs, which take a few minutes per day, but support workers' psyche. These could be yoga courses, meditation programs and stretching.

Apparently, these seem to have an influence on employees' wellbeing, with the objective to make them relax after a hard workday and to approach personal life in a more relaxed mood.

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[28]   Allen, Tammy D., and Jeremy Armstrong. "Further Examination of the Link Between Work-Family Conflict and Physical Health: The Role of Health-Related Behaviors." American Behavioral Scientist 49, no. 9 (May 2006): 1204–21. https://doi.org/10.1177/0002764206286386.

[29] Felstead, A., Jewson, N., Phizacklea, A. and Walters, S. (2002), Opportunities to work at home in the context of work-life balance. Human Resource Management Journal, 12: 54-76. https://doi.org/10.1111/j.1748-8583.2002.tb00057.x

[30] Birkinshaw, Julian & Hamel, Gary & Mol, Michael. (2008). Management innovation. Acad Manage Rev. The Academy of Management Review. 33. 10.5465/AMR.2008.34421969.

Obviously, the improvement in work-life balance, has positive effects on the organization itself. Even if it is very difficult to evaluate and estimate, the outcomes of companies' benefits can be grouped into three main areas[31]:

- Cost reduction: mainly related to reduced absenteeism and turnover. These two factors are very important in this analysis. They are both generated by an imbalance of work-life and affect employees' motivation and performance. Therefore, reducing absenteeism is an important objective for companies' cost reduction.

- Enhanced organizational image and retention of employees: when a company is perceived as having innovative approach to work-life balance, their reputation will enhance, having a great repercussion on employee retention, especially for desirable and high skilled ones, and attract better qualified employees to be selected. For example, Arup Laboratories, a medical laboratory with almost 2000 employees in Salt Lake City has reported offering flexible scheduling, which helped them double their employee base during the last years, reducing turnover and enhancing retention. This factor will reflect on cost reductions as well.

- Increased productivity and employees' performance: work-life balance practices generally have a positive impact on company's productivity. KPMG has reported that allowing employees to telework and take some emergency time off to attend to care personal life responsibilities has been a driving force behind their retention rate. Organizations that offer more extensive work-life balance policies have higher rating on a measure of organization performance.

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[31] Lazăr, I., & Raţiu, P. (2010). The Role of Work-Life Balance Practices in Order to Improve Organizational Performance. In *European Research Studies: Vol. XIII* (Issue 1).

When a company tries to improve implementation of work-life balance practices, there may be a lack of effectiveness due to incorrect implementation. Studies conducted by Paula McDonald and Kerry Brown in 2005 highlighted four key aspects that must be monitored for successful implementation[32]:

- Managerial support: managers play a crucial role in the relationship with their employees and are able to support employees in activities, trying to ensure they have time off from work to spend with their families.

- Career Consequences: One of the biggest threats is a negative perception of career consequences. This is more dependent on factors such as salary, benefits and growth prospects, as well as "emotional" factors. Obviously, all this needs to be balanced to encourage employees to believe in continued career growth, not limited by smart working.

- Organizational time expectation: this factor concerns the influence of management in submitting tasks to employees, expecting results in the shortest possible time. A study based on interviews with engineers working in companies included in the Fortune 100 ranking in the United States concludes clearly that success is determined by hard work perpetuated beyond working hours. This concept of success being tied to hard work could trap the employee in an unhealthy lifestyle that, in the long run, would have negative psychological repercussions.

- Co-worker support: Another factor that could lead to burnout is that related to the relationship between employees. Beauregard and Lesley's experiment in 2008[33] shows that employees with optimal work-life relationship management are seen by their colleagues as less work-intensive, especially by management. This directly reflects on the reward system and the opportunity for internal growth. It also leads to increased competitiveness and rancor within the

[32] McDonald, Paula K., Brown, Kerry A., & Bradley, Lisa M. (2005) Have traditional career paths given way to protean ones? Evidence from senior managers in the Australian public sector. Career Development International, 10(2), pp. 109-129. QUT Business School. DOI:10.1108/13620430510588310

[33] Beauregard, T. Alexandra & Henry, Lesley. (2009). Making the Link between Work-Life Balance Practices and Organizational Performance. Human Resource Management Review. 19. 9-22. 10.1016/j.hrmr.2008.09.001.

organization. It is therefore necessary to educate through awareness policies to ensure that each employee is able to perfectly combine work and private life[34].

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[34] LAZAR, IOAN & Osoian, Codruta & Ratiu, Patricia. (2010). The Role of Work-Life Balance Practices in Order to Improve Organizational Performance. European Research Studies Journal. XIII. 201-214.

2.2.2 JOB SATISFACTION

Job satisfaction is a direct consequence of what we saw in the previous paragraphs, starting from the general adoption of smart working to a detailed implementation of different success factors, such as the aforementioned work-life balance.

The term "satisfaction" could be confusing and, in order to have a clearer perspective, we will analyze more definitions of it[35]:

"*Job satisfaction is any combination of psychological and environmental circumstances that cause a person truthfully to say I am satisfied with my job"[36]."*

"*Job satisfaction focuses on the role of the employee in the workplace. Thus, it is also represented by affective orientations on the part of individuals toward work roles which they are occupying"*[37].

"*The term job satisfaction refers to the attituded and feelings people have about their work. Positive and favorable attitudes towards the job indicate job satisfaction; negative and unfavorable attitudes indicate job dissatisfaction*"[38].

Aziri defines many factors that influence job satisfaction, related to the nature of work, salary, growth opportunities within the company, relationships with management, team building and conditions. Obviously, when these factors are somehow negative or they negatively influence the performance of the tasks carried out by workers, they cause job dissatisfaction. However, these two

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[35] Aziri, Brikend. (2011). Job Satisfaction: A Literature Review. Management Research and Practice.
[36] Hoppock, R. (1938). Job satisfaction. Harper. 636-643. https://doi.org/10.1002/j.2164-5892.1938.tb00348.x
[37] Vroom, V. (2006). Ego-Involvement, Job Satisfaction, and Job Performance. Personnel Psychology. 15. 159 - 177. 10.1111/j.1744-6570.1962.tb01858.x.
[38] Allen, Tammy D., and Jeremy Armstrong. "Further Examination of the Link Between Work-Family Conflict and Physical Health: The Role of Health-Related Behaviors." American Behavioral Scientist 49, no. 9 (May 2006): 1204–21. https://doi.org/10.1177/0002764206286386.

concepts are not opposite; Herzberg developed the "Two factor theory"[39], which explains that employees, during their worktime, are constantly under the influence of factors which could bring to job satisfaction and dissatisfaction, respectively called "motivators" and "hygiene factors", as shown in Table 1:

Table 1. Herzberg, Two Factors Theory. Hygiene and Motivator factors[40].

Hygiene factors	Motivators
Company policies	Achievements
Supervision	Recognition
Interpersonal relationships	Tasks
Work conditions	Responsibility
Salary	Advancement
Statues	Growth
Job security	

Hygiene factors are a necessary but not sufficient condition for job satisfaction. In fact, they can lead the employee to a condition defined as "state 0", in which they are neither satisfied nor dissatisfied with their job. The factors defined as "motivators", on the other hand, must be integrated and guaranteed to the employee in order to reach a state of job satisfaction.

Between the 1960s and 1970s, two research institutes developed questionnaire in order to measure job satisfaction. The most applied one is the "Minnesota Satisfaction Questionnaire", which can be filled in both individually and in group. Anyway, there should be some KPI that the company could actually measure.

This questionnaire answers have five levels, from "very dissatisfied" to "very satisfied" and were conducted anonymously. Questions are twenty and among

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[39] Herzberg, F., Mausner, B. and Snyderman, B. (1959) The Motivation to Work. 2nd Edition, John Wiley & Sons Inc., New York, 20, 141-147.
[40] Herzberg, F., 1966. Work and the nature of man. Cleveland: World Pub. Co.

those we can find coworkers, achievements, activities done, advancements, security and working conditions.

In order to better understand job satisfaction, we have to analyze the effects it produces on everyday employees' life. For Aziri, the most important aspects were related to productivity, loyalty and absenteeism[25].

First, it is clear that an increase in satisfaction reflects on higher productivity, since the employee could feel less stressed out and perform in a calmer way. This will also include a positive repercussion over the work-life balance and, more generically, a happier perspective for the worker.

As a consequence of what mentioned before, a satisfied employee performs better and is more motivated.

Moreover, following the factors that characterize satisfaction, they would believe in company's mission and vision, also pushed by growth and advancement politics within the enterprise. This will directly reflect in a loss of absenteeism, which is a threat to the company.

2.2.3 MOTIVATION

As already said in the previous paragraph, one important factor that moves job satisfaction is motivation. This could be strengthened by the adoption of smart working model, generating positive effects over job satisfaction, and thus productivity[41].

Motivation is an intrinsic factor that moves every worker. Human resources departments should recognize this matter and develop strategies in order to maximize it for a better working environment, in order to achieve better performances and competitive advantages.

It is clear now that the company will have to rethink its internal environment trying to reconcile employees' needs and performance requirements. How can smart working influence motivation?

With the adoption of smart working, or any type of flexible working, both in terms of time and space, the corporate culture will undergo major changes. Workers' performance will no longer be measured solely by working hours and time spent inside the office each day. Rather, performance will be measured through KPIs that we have already been discussed; therefore, performances are related to goals set by top management, with a "top down" application, where each worker is periodically evaluated by their direct superior.

In this way, the traditional concept of performance is lost and new types of relationships between colleagues are created. Obviously, the direct result of adopting this type of measurement is a better relationship within the company, and employees may feel more comfortable, less stressed, more motivated, with direct positive effects on the company's productivity.

The effects of high motivation are not only related to high productivity, rather, we are also talking about a very important factor for business growth and the

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[41] Ayub, Nadia & Ghauri, Shagufta & Ayub, Dr. (2020). The Relationship between Work Motivation and Job Satisfaction.

development of new skills and competencies: innovation. We cannot overlook the fact that higher levels of motivation lead employees to develop greater self-confidence and in the means at their disposal.

When an employee feels this kind of confidence, they are stimulated to reach higher goals than those set by management and to develop innovative ideas that lead to improvements in the business system and in the way work is done. In this way, the process of innovative development is generated.

In this regard, Deloitte partner Andrea Poggi described how the application of smart working models can directly influence innovation, generating a series of beneficial effects not only on the company, but on industry and society, albeit indirectly.

In Poggi's view[42], smart working models are now defining how the work environment is going to change eternally. This means that companies should take advantage of this and not being reluctant to innovation. Both in Europe and Italy, one employee out of three expects to continue working remotely. Vittorio Colao, Italian Minister of Technological Innovation and Digital Transition, defined Italy as one of the European countries with the largest "digital divide", with data that frighten innovation: only 42% of Italians between 16 and 74 years old have basic digital skills, against 58% of the European average. With this in mind, digitalization is a key objective to pursue for an optimal application of smart working practices.

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[42] Poggi, A. (2021) Innovazione: il nuovo volto del lavoratore. ISPI – Istituto per gli Studi di Politica Internazionale. https://www.ispionline.it/it/pubblicazione/innovazione-il-volto-nuovo-del-lavoratore-29748

2.3 COMPANY'S PERSPECTIVE

After discussing about employees' vision, it is necessary to carefully analyze risks and benefits for companies in adopting these agile working models, keeping in mind that the two realities are closely related and the boundaries between them are very thin.

In this section we will focus on analyzing the major benefits for companies. During the very first period of the COVID-19 pandemic, once technological deficiencies and criticalities of the adoption of telework were overcame, big companies witnessed a huge improving in employees' digital skills and work organization due to the redesigning of business processes.

Along the same lines, the smart working observatory of the Politecnico Di Milano published a report during the so-called third phase of the pandemic, analyzing the continuation of remote working (i.e., after a summer period in which activities had been resumed in presence); according to the study, the Italian Public Administration had the most evident benefits from the use of new digital tools, with an improvement in workers' skills and competences.

The benefits of using digital tools to companies are many. One among them is the facilitation of recruitment activity, for both employers and applicants. Indeed, the selection system is managed entirely via digital platforms, saving both money and time related to travel. On the other hand, companies' human resource departments are facilitated in carrying out their work, which translates into an improvement of their productivity.

A further improvement is in the management of personnel. Employees are more easily connected and can be easily and continuously monitored by company management.

As for the other benefits that companies encounter, we will look at three main macro areas in the next few paragraphs, such as cost reduction, business sustainability and productivity overall.

2.3.1 COST REDUCTION

When talking about cost reduction for companies, there are several factors to underline and analyze.

With the loss of traditional physical office space and conventional working hours, companies can benefit from an overall increase in savings, with the ability to allocate that amount for future investments.

The Smart Working Project from Variazioni, analyzed the principal factors that have a positive outcome on companies' turnovers, gained by the adoption of smart working[43]. This research proposes six focal points to analyze the benefits that companies can leverage.

The first point is related to the mere economic savings, of about 500 euros for each worker who decides to work completely in a smart way; then, there is a reduction in business costs for 30% of the total. This is mainly due to savings on electricity, heating and air conditioning costs. Obviously, there are savings on business travel, meal tickets and commuting allowances.

The general increase in productivity, generates a greater possibility of investment in research and development projects and the creation of new jobs, due to a lower general cost of labor. In fact, companies will have fewer costs related to the individual worker and can afford to hire more. In addition, all the previously analyzed benefits related to CO_2 emissions should be taken into account. This allows companies to be more sustainable and to be included in possible calls for funds from supranational communities such as the European Union.

The above-mentioned research has studied a sample of one thousand employees working from home for 60 days each in an entire year, showing that this would

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[43] Variazioni Smart Working Projects. *Smart Working: Discover all the advantages for companies and employees. https://www.smartworkingproject.com/smart-working/*

allow companies to save about 500,000 euros, about 500 euros for each employee.

2.3.2 SUSTAINABILITY

The concept of sustainability is becoming increasingly important in today's world. Companies are choosing to follow sustainable transition processes for ethical reasons or for positive consumer feedbacks. Lately, in fact, green companies are experiencing an increase in sales precisely because, those who are reflected in environmental policies, prefer to choose to buy green products. This is true for every sector and industry[44].

One of the most important concepts in recent years is CSR, or Corporate Social Responsibility, defined as "*the managerial concept whereby companies integrate social and environmental policies in their business operations and in their relationship with stakeholders*[45]." This definition provided by UNIDO (United Nations Industrial Development Organization) perfectly expresses the concept.

The implementation of smart working, in fact, has also positive effects on the concept of sustainability, and this should not be overlooked.

UNIDO provides a framework for the proper implementation of these policies, through a model called Triple Bottom Line (TBL)[46]. The idea of the model is that companies, which are usually concerned on just one bottom line, namely profits, should follow three bottom lines when defining their strategy: profits, people and planet.

This framework was adopted by many international firms, getting huge advantages for being promotor in this field. Ben & Jerry's ice cream company has decided to integrate in its mission the following statement: "*Ben & Jerry's*

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[44] Georgeson, L., Maslin, M., and Poessinouw, M. (2017) The global green economy: a review of concepts, definitions, measurement methodologies and their interactions. Geo: Geography and Environment, 4: 1, e00036, doi: 10.1002/geo2.36.
[45] UNIDO – United Nations Industrial Development Organization. What is CSR? https://www.unido.org/our-focus/advancing-economic-competitiveness/competitive-trade-capacities-and-corporate-responsibility/corporate-social-responsibility-market-integration/what-csr
[46] Investopedia. Triple Bottom Line (TBL). https://www.investopedia.com/terms/t/triple-bottom-line.asp

is founded on and dedicated to a sustainable corporate concept of linked prosperity", working on alternatives to bovine growth hormone and any kind of genetically modified organism, also launching campaigns to raise awareness of climate change, at the center of discussions in recent months.

How to apply CSR policies? Several models have been developed in recent years for applying these campaigns. One of the best known is the Environmental, Social and Governance Criteria (ESG)[47]. This has defined standards for evaluating business operations in the light of their respect and promotion of ethical values. These indicators mainly adopted by value investors, as exposure to sustainability processes can have a positive effect on the performance of companies' stocks.

To fully understand it, it is necessary to divide the three macro areas in which it is developed:

- Environmental: is a criterion related to the use of energy, waste, environmental pollution, conservation of natural resources and respect for animals.

- Social: the social criterion looks at aspects of business relationships. For example, many international companies operating in the field of chocolate production, donate a small amount of money to the populations of less developed countries that they "exploit" to produce cocoa beans.

- Governance: This aspect seeks to clarify how transparent a company is in its transactions and in the preparation of its financial statements. At the same time, whether there are conflicts of interest in the definition of top management or unfair policies on the treatment of employees.

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[47] Investopedia. Environmental, Social, and Governance (ESG) Criteria.
https://www.investopedia.com/terms/e/environmental-social-and-governance-esg-criteria.asp

2.3.3 PRODUCTIVITY

In the preceding paragraphs, it has already been extensively described how employees are able to increase their productivity as a result of adopting smart working models. In this paragraph, therefore, the focus will be primarily on business and organizational aspects.

It's important to define that increasing a company's productivity has numerous benefits for business growth, primarily related to achieving a state of competitive advantage within the industry. In this view, one could be confused with the concept of performance. Instead, we define productivity as "*how much and how well the company produces with the resources it has. If it produces more and better goods with the exploitation of the same resources, it increases productivity"[48]*..

Bernalok's definition identifies resources as the focal point of business. The company must know how to value its employees and stimulate them to give their best. This can only happen through their well-being.

Well-being is a dimension rich in factors and difficult to analyze, not limited to the physical condition but more oriented on a mental-cognitive dimension. This provides that the company environment is conducive to the development and continuous stimulation of employees[49].

When remote work models are implemented to perfection, they allow the employee to perform the same tasks and activities in the least amount of time. This is accompanied by the flexibility relative to space and time that workers enjoy, feeling freer and more productive at the same time.

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[48] Bernolak, Imre, (1997), Effective measurement and successful elements of company productivity: The basis of competitiveness and world prosperity, International Journal of Production Economics, 52, issue 1-2, p. 203-213.
[49] Pilotti, L. (2017) *Welfare aziendale tra Industry 4.0 e smart working: leve di wellness, partecipative, creative per la crescita della produttività cognitiva e del paese*. University of Milan, Department of Environmental Science and Policy.

The company, in supporting this process, must invest in two avenues simultaneously. The first is related to the purchase of devices and tools for smart work. The base can be represented by a laptop and all the applications necessary for the workers to perform their duties. The second stream of investment must be in developing employee skills, for example, through courses or webinars on how to perform tasks more efficiently through the use of IT systems.

2.4 DOWNSIDES OF SMART WORKING

In this paragraph, it is important to clarify that the incorrect implementation of smart working policies may also have negative outcomes on employees' life.

From the survey conducted by the Smart Working Observatory of the Politecnico di Milano[50], it emerged that the reasons that lead workers to prefer smart working programs over traditional ones are mainly related to the consequences they have on the personal sphere. Indeed, 46% of workers want to avoid the stress caused by commuting and daily trips; 43% of respondents, on the other hand, believe in an improvement in the relationship between professional and private life. What if they couldn't receive the expected benefits?

During the first lockdown period, in March 2020, we saw an exponential increase in this phenomenon due to the requirement to remain indoors. This led to companies having to adapt to a system that, in some cases, such as Public Administration, had always been poorly considered.

The rapidity by which remote working policies were spread brought to light the dark sides of the phenomenon.

All the downsides of smart working come to the surface due to poor implementation and interpretation of the same factor.

The consequences can be passed on to individuals, generating a cascading effect. For example, an increase in the workload on the individual employee could be generated, due to a wrong choice of the manager who is led to think that his subordinate has more time to devote to work. This factor could be increased by the lack of boundaries between the private and work spheres and generate a problem for the employee.

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[50] Crespi, F. (2018) Smart Working: continua la crescita tra le grandi aziende. Politecnico di Milano, School of Management. Osservatorio Smart Working. https://www.osservatori.net/it/ricerche/comunicati-stampa/smart-working-continua-la-crescita-tra-le-grandi-aziende

When evaluating the downsides of smart working, it is necessary to keep in mind that each employee has different incentives and disadvantages[51].

Some workers may prefer not to work from home, as this is detrimental to their routine and the way they structure their work. Others may prefer to work face-to-face with their manager, asking for help in case of any complexity. At the same time, one may feel isolated and disconnected from their colleagues. This is why it can be useful to set up remote sharing time during the day, especially when it comes to discussing performance feedback with managers.

In addition, employees can often be subject to in-home distractions. This, in the pandemic period was a real problem for dual-income families. It can be tricky to establish two smart working environments in the same home, especially if there are children, who until last year could not attend school in presence.

 The most important risk that can be found for workers is defined by the "risk of burnout." In April 2021, INAIL released the results of a workplace health and safety survey. The results show that most participants expressed concern about stress and psychological risks.

The concept of "burnout" in the workplace has always meant a psychological consequence on the worker dealing with other people in the workplace. Just think of an oncology surgeon suffering the repercussions in his or her personal life of what happens during the workday.

Over the years, this concept has expanded to other disciplines as well. In particular, this type of stress is evoked by a number of factors, including unclear work schedules, assigned tasks, responsibilities, etc. At this point, the physical detachment from the workplace can lead to failures in daily life such as confrontation with colleagues and management, leading the worker to a condition of isolation, which in turn can be reflected in a problem in the

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[51] NIbusinessinfo.co.uk. *Advantages and disadvantages of employees working at home*.
https://www.nibusinessinfo.co.uk/content/advantages-and-disadvantages-employees-working-home

definition and orientation to objectives or results, which, accompanied by a lack of support, generating burnout.

Although this seems to be the principle of smart working, some workers suffer because very often the workplace coincides with their home, a place considered psychologically safe, sheltered from everything that happens outside, including the workplace. In this way, employees feel constantly connected to their work, as if they cannot definitively disconnect, losing the real boundaries between one sphere and the other.

This type of issue can cause symptoms such as insomnia, constant nervousness and lack of enthusiasm and motivation.

Without dwelling on the possible solutions that an employee can implement to avoid this risk, such as dedicating a home space exclusively to work, it is important that companies take note of this problem and try in their everyday activities to prevent it from happening. After all, as we have already defined in this chapter, this could have negative repercussions on the motivation and satisfaction of the worker, with negative effects on the productivity of the company itself.

As for the downsides that companies face, we have to consider an upfront cost of purchasing tools and instruments and educating staff about teleworking practices. This could cause less professional growth for employees who are unfamiliar with the use of technology tools and negatively impact productivity growth.

An additional risk that has been emerging in recent years is that of security. The concept of cybersecurity is increasingly important for protecting sensitive data and documents in the enterprise.

An IT incident involving the company's IT infrastructure always represents a significant damage, also from the point of view of business continuity. In a scenario where smart working is introduced, the risk is even higher[52].

First of all, because information systems are the foundation of every employee's daily work. The most commonly used services are those related to email. Consider that nearly 3 billion emails are sent per second every day.

Second, because companies have been slow to embrace data protection systems, such as backup systems. With the risk of leaked information and documents, especially sensitive ones, regulation of the industry has increased.

Hence, there are a few steps that need to be taken to increase security. The first one is to make employees aware of the cyber risks that come with smart working. Alternatively, companies that can afford it, may give laptops and tablets to their employees to perform tasks. These should only be used for business purposes and always under the control of the internal IT and cybersecurity body. When this is not possible, employees should have access to a corporate VPN and full antivirus protection.

Some companies, despite this, may require comprehensive protection services from third-party cybersecurity companies. Long-term contracts are often offered with ongoing service to protect against the spread of sensitive information, including more expensive tools such as Virtual Desktop Infrastructure (VDI) for remote data backup and data encryption services.

The Milan Polytechnic has compiled research in 2019 to identify also negative elements of smart working[53]. The research in question is entitled "Flexibility is not enough", precisely to underline that negative aspects exist and can be detrimental to workers.

The results highlight a number of positive aspects related to increased personal autonomy, satisfaction and improved work-life balance. On the other hand, 35%

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[52] Schiaffino, M. (2020) *Smart working: perché la prima preoccupazione dev'essere la cyber security.* Network Digital 360. Cybersecurity 360.

[53] Osservatorio Smart Working. (2019) Smart working davvero: la flessibilità non basta. Osservatori.net digital innovation. https://www.myecole.it/biblio/wp-content/uploads/2020/10/1_DB_11ASW_Report-smartworking19.pdf

of respondents experienced a perception of isolation, 21% mentioned external distractions, and 13% noted difficulties in communicating remotely.

These negative factors are justified by a very high intensity in employees' tasks, surrounded by a hyper-connectedness that would leave little room for privacy.

Being connected to the Internet constantly makes the employee always available. In this way, colleagues or superiors can constantly monitor them. The employee finds it difficult not to answer and is exposed to continuous availability, even beyond working hours.

Above all, the risk of isolation can be caused by the lack of face-to-face interaction with colleagues and superiors, generating a climate of uncertainty that can undermine employee motivation.
The results are mainly related to the increase of stress for the workers, which undermines their quality of life, and also affects their productivity[54].

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[54] Neri, M., Bonato, R., Zappalà, S., Torre, T., Scapolan, A., Mizzau, L., Montanari, F., Corsi, G., Rinaldini, M., Zamarian, M., Masino, G., Maggi, B. (2017) Smart working: una prospettiva critica. Bologna: TAO Digital Library, p. 75. ISBN 978-88-98626-12-0. DOI 10.6092/unibo/amsacta/5717

CHAPTER III –IMPLEMENTATION OF SMART WORKING

"To improve is to change, so to be perfect is to change often."
(Winston Churchill)

3.1 CHANGE MANAGEMENT

Once the concept and definition of smart working is fully understood, analyzing the effects from the point of view of companies, workers and environmental implications, with all the implications on benefits and risks involved, it is now necessary to define the correct way to implement smart working practices.

To understand the correct implementation of these practices, it is necessary to introduce a further concept: *Change Management*, developed by John Kotter in "Leading Change"[55]. The author has developed a model for digital transformation, that will be discussed later on.

Let's start by fully understanding the concept of Change. Any kind of change that in the course of economic history has marked a turning point in the evolution of society was subsequently fundamental in the progress of the human race. This starts with the need to innovate and develop new ideas to make an existing process more efficient or to create new ones. Every good innovator has the ability to modify their company in a more modern way to adapt it to change. Here, the type of change we will focus on is technological change, which has been an integral part of reality since the early 2000s and which is experiencing exponential growth, given the number of resources currently available.

This type of change, nowadays, is mainly dictated by the numerous inventions that the R&D departments of the major technology companies are coming up with. This leads to an increase in competitiveness and the drive for innovation for all international competitors seeking a competitive advantage in their target market.

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[55] Kotter, J., 2012. *Leading change*. Boston, Mass.: Harvard Business Review Press.

Coetzee and colleagues (2014) argue that "*globalization, competitiveness and any change in the business environment has led organizations to have to interface with change. Today's challenge for leaders is to reduce resistance to change and to drive change to a new corporate culture for successful implementation. The success of any intervention depends on leadership. Leadership, in fact, is the ability of managers to influence people's perceptions of change, behaviors, attitudes and ultimately actions*"[56].

The concept of change has been analyzed by Van Tonder in 2004; here, he defined change as something that must be fully understood and governed in order to correct the strategy and structure of a company that is experiencing a decline in production and performance, dictated by exogenous changes, such as the introduction of a new technology to the industry, for instance[57].

Once the concept of change management is understood, it is necessary to examine one of the main factors of the phenomenon: people. In fact, human relationships are fundamental to implement change in the corporate strategy by guiding employees towards new goals.

On this topic, Al-Haddad and Kotnour (2015), in their paper, first examine the concept of failure[58]. Indeed, the successful rate of change initiatives in organizations is less than 30%[59]. This shows how complex the topic is and how often leaders in the marketplace fail to fully convey and communicate their strategy. This spurs the authors to analyze the factors that constitute "success" and examine which elements can increase the chances of success.

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[56] Coetzee, R., Visagie, J., & Ukpere, W. (2014). *Responding to change in a large organization from a leadership angle*. Mediterranean Journal of Social Sciences, *5*(20), 827–837. https://doi.org/10.5901/mjss.2014.v5n20p827

[57] Van Tonder, C. L. (2004) *Organisational change: Theory and Practice*. Pretoria: Van Schaik 2004. ISBN 0627025684 9780627025686

[58] Al-Haddad, S., & Kotnour, T. (2015). Integrating the organizational change literature: A model for successful change. *Journal of Organizational Change Management*, *28*(2), 234–262. https://doi.org/10.1108/JOCM-11-2013-0215

[59] Balogun, J. & Hailey, V. H. (2004) Exploring Strategic Change. Exploring corporate strategy series. Pearson Education. ; Nohria, N. & Beer, M. (2000) Cracking the Code of Change. Harvard Business Review.

The elements that could lead to the failure of a change project are many. Some scholars believe that it is a problem of low focus in strategic choices[60], while others have considered that managers and consultants need a situational framework, indicating guidelines to achieve an "optimum fit" in the changing environment[61]. Others, however, believe that there can be no real model, given the volatility of change and, considering each situation on its own, any predefined template would lead to failure[62].

On the concept of failure, Kotter analyzed the major causes that lead the organization to fail in the process of implementing change. The author calls them "The Eight Failures"[55]. Among these eight elements, the most relevant ones are errors related to indulging in complacency or believing that one has succeeded too soon. These management behaviors suggest that the concept of change has been largely underestimated and often not implemented correctly in the strategy, as it is underestimated and undersized.

Other errors relate to difficulties in communicating change and vision. In this sense, the company's employees must be integrated into the strategy and actively participate in the change. In order to motivate employees, the vision must be communicated so well that they realize the potential benefits of adopting new practices. In this sense, the author states that "*without credible communication, the hearts and minds of employees are never captured*"[53].

One of the most important concepts, which emerged from these points, relates to the need to break down change. In this sense, a change in the organizational structure of a company is so complex that it requires time, and therefore a long-term vision. In order to avoid discouragement in this process, it is advisable to break down the strategy into a series of short-term objectives, between six and eighteen months, which will allow results to be achieved, by generating a

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[60] Buchanan, David & Dawson, Patrick. (2007). Discourse and Audience: Organizational Change as Multi-Story Process. Journal of Management Studies. 44. 669-686. 10.1111/j.1467-6486.2006.00669.x.

[61] Dunphy, Dexter, and Doug Stace. "The Strategic Management of Corporate Change." Human Relations 46, no. 8 (August 1993): 905–20. https://doi.org/10.1177/001872679304600801.

[62] Kotter, John & Schlesinger, Leonard. (2008). Choosing Strategies for Change. Harvard business review. 57. 106-14. 10.1007/978-1-349-20317-8_21.

morale-boosting effect on all those involved in the change. As the author puts it, "*without short wins, many employees give up or join the resistance*".

Kotter says that in the society we live in today, stability is no longer the norm: "*in the coming decades the business environment will only become more volatile*".

It is important to consider that making these mistakes in implementing change can slow down initiatives and have negative repercussions on employee morale, with a decrease in motivation and subsequently in satisfaction. When the company makes these kinds of mistakes it may lose money in failed investments resulting in a reduced budget that may lead to the dismissal of employees, generating a devastating cascade effect.

Lately, the concept of change management has become a hot topic. Companies are subject to change especially during periods of economic crisis. In this sense, we cannot forget all the effects that the pandemic has generated on the world economy. Despite the period of rapid recovery that we are witnessing, we cannot overlook all the upheavals that our cultures have undergone as a result of the pandemic. The world's population has been subjected to a change in culture that has disrupted everyday life. From social distancing, to the evolution of the labor market with the abrupt integration of smart working, the focus of this paper. As mentioned above, change can be of various kinds, dictated by different factors endogenous and exogenous to the company.

Moore (2011) writes that "*understanding where your organization sits today and what it needs to improve, change and transform is the first step in introducing the discipline of change into business processes*"[63]. Myer et al. (1990) classify change according to two dimensions[64]. The first is the level at which the change comes: both industry and company. While the second is the type of change: continuous or discontinuous.

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[63] Moore, K. KM World. (2011) The path to business process transformation.
https://www.kmworld.com/Articles/Editorial/Features/The-path-to-business-process-transformation-75124.aspx
[64] Myers, N. The biodiversity challenge: Expanded hot-spots analysis. Environmentalist 10, 243–256 (1990).
https://doi.org/10.1007/BF02239720

Goes et al. (2000), on the other hand, classify change according to three dimensions. The first and second are those described by the Myer et al. model, while the third refers to the mode of change: deterministic and prescribed or generative and voluntary[65].

In the paper by Al-Haddad and Kotnour[58], the authors identify several types of change using two factors:

- Scale of change, defined as "*the degree of change required to achieve the desired outcome*". It can be broad or narrow, depending on the impact it has on the whole organization, the relationship with stakeholders, the culture and also the impact it has in the results once implemented.

- Duration of the change, short or long term, depending on the time vision analyzed on the strategic plan to be implemented. The authors point out that the literature shows that short-term changes are often successful, especially when companies manage to respond quickly by adapting to the environment.

Organizational change, as a time-consuming event, needs a precise timeframe and management of the critical factors that have an effect on the success of the change[66,67,68].

The factors that are directly affected by the change are those related to the company's mission and vision, the definition of new roles for employees and all human resources management factors, to assess internal performance during the change process.

This process must be adapted to a flexible strategy, with constant analysis of the industry and the company's positioning, through the adoption of scenario planning and strategic forecasting programs. In this way, management can adapt

[65] Goes, Jim & Friedman, Leonard & Seifert, Nancy & Buffa, Jan. (2000). A turbulent field: Theory, research, and practice on organizational change in health care. Advances in Health Care Management. 1. 143-180.
[66] Chrusciel, Don & Field, Dennis. (2006). Success factors in dealing with significant change in an organization. Business Process Management Journal. 12. 503-516. 10.1108/14637150610678096.
[67] Kenny, P., Gupta, V., Boulianne, G., Ouellet, P., Dumouchel, P. (2006) Feature normalization using smoothed mixture transformations. Proc. Interspeech 2006, paper 1026-Mon1A2O.1, doi: 10.21437/Interspeech.2006-7
[68] Miller, D. and Friesen, P.H. (1982), Innovation in conservative and entrepreneurial firms: Two models of strategic momentum. Strat. Mgmt. J., 3: 1-25. https://doi.org/10.1002/smj.4250030102

the strategy over time, following further environmental changes or depending on the response of competitors.

By scenario planning we define a forecast analysis aimed at developing a set of plausible scenarios that the company might encounter as consequences of applying the change strategy, identifying a number of uncertain realities.

In this regard, leaders need to develop response strategies for each scenario, reducing the risk of being unprepared and preparing concrete and rapidly applicable responses. This type of analysis is often developed by FSI (Financial Services Industry) companies that interface with the stock market.

In fact, depending on market performance, multiple scenarios can be envisaged. For example, a scenario replicating the market performance in the period of the financial crisis defined as the Great Recession between 2007 and 2013.

This type of continuous analysis also has the task of defining the distance between where the organization is and where it expects to be[56]

Due to the direct correlation between the scale of change and people's values, the greater the degree of change needed in employees' values and culture, as well as the prospects for alignment with corporate perspectives[69].

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[69] Moran, J.W. and Brightman, B.K. (2000) Leading Organizational Change. Journal of Workplace Learning, 12, 66-74. https://doi.org/10.1108/13665620010316226

3.2 LEADERSHIP

For a successful implementation of change, the first necessary step is to identify what kind of change is affecting the company and, more broadly, the industry. In this regard, Ackerman distinguishes the following three types of change[70]:

- *Developmental Change*: this type of change can emerge on its own or be planned by management. It is the one that has the least impact on the business, since it consists in the improvement or correction of already existing flows within the company. The objective is to improve and increase performance over time, correcting the negative aspects and promoting the correct ones.

- *Transitional Change*: is a radical change of processes, therefore it requires an implementation plan. The concept of transition is referred to a passage from one state to another, among those identified in Kurt Lewin's model: unfreezing (the status quo), moving (to a new state) and refreezing (the newest equilibrium). (Explained later)

- *Transformational Change*: this is also a radical change and requires planning. It completely disrupts the company in general, its processes, strategies and above all culture. Often, the company will have to operate in 'development' mode, learning from the environment and adapting over time.

Any kind of change requires maximum commitment and attention, taking into account the possible difficulties in its implementation in the long-term.
High costs, difficulty in managing customers, changing culture and bureaucratic barriers can discourage leaders. With this in mind, strategies need to recognize these barriers and be prepared to manage them.

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[70] Ackerman, L. (1997) *Development, transition or transformation: the question of change in organisations*. In: Van Eynde, D., Hoy, J. and Van Eynde, D. (eds) Organisation Development Classics. San Francisco, Jossey Bass.

In this context, one of the most important qualities a manager needs in the process of communicating change is leadership.

The concept of leadership is the key factor for successful change, followed by the values of the company and correct communication[71].

While management is a purely technical factor in relation to process change, leadership deals with social and emotional factors[72].

Against this, management must be understood as the set of practices related to business planning, focusing on strategic implementation and all its facets, while leadership represents the vision of what the company aims to become in the long term by inspiring its employees in the process of change.

For a better understanding we can quote Andy Stanley's definition of leadership: "*Leadership is all about taking people on a journey. The challenge is that most of the time, we are asking people to follow us to places we ourselves have never been"*[73].

The leader, therefore, is the manager who is able to identify and analyze what can be revised in order to lead others in the process of change.

According to Harvard Business Review, 72% of leaders underestimate the risk of the status quo[74]. This leads to a slowdown in the company's responsiveness should signs of change emerge. Leaders need to get their employees used to thinking outside the box to increase the proliferation of innovative ideas.

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[71] Gill, R. (2003) *Change management or change leadership?* Journal of Change Management Vol. 3 (4). Henry Steward Publications 1469-7017. EBSCO Publishing.
[72] Mulligan, J. and Barber, P. (1998). 'The Client–Consultant Relationship'.
[73] Stanley, A. (2002) Next Generation Leader: 5 essentials for those who will shape the future. Multnomah. ISBN: 9781590522325
[74] Davey, L. (2014) *The status quo is risky, too.* Harvard Business Review. https://hbr.org/2014/05/the-status-quo-is-risky-too

3.3 CHANGE MANAGEMENT MODELS

Over the years, two main models for the successful implementation of change practices have been developed. The first one is the three-step model developed by Kurt Lewin[75], briefly introduced above. This model was developed and expanded into eight steps by John Kotter[76], introducing one of the most established change management frameworks.

The two models were developed during periods of transformation that seem far removed from the present day. However, they are still very relevant frameworks for the application of smart working processes.

In our case, the change that led to the development of this model stems from the introduction of technologies that allow employees to work where and when they want, without the conventional constraints of working hours or physical location. In the last two years, however, the process of smart working adoption has been accelerated by an even more unpredictable factor: the global pandemic of Covid-19.

The magnitude of the consequences of the virus has led to a race to the rescue for companies, especially in the service sector, which have had to find a way not to interrupt operations, especially in the embryonic period between March 2020 and June of that year. This rapid change has gradually been applied to all forms of company, with smart working spreading across the world.

As for Italy, the Osservatorio Smart Working of the Politecnico di Milano found a 1000% increase in the adoption of these practices within a year, between March 2020 and March 2021. In particular, 97% of large enterprises and 94% of Public Administration companies have taken part in smart working programs, affecting almost 7 million employees, compared to 500 thousand in 2019[77].

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[75] Lewin, K. (1951) Field Theory in Social Science. Harper Torchbooks. The Academy Library Harper & Row Publishers New York Evanston & London.
[76] Kotter, J. P. (1996) *Leading Change.* Harvard Business School Press; First Printing edition (1 January 1996)
[77] Osservatorio Smart Working – Politecnico di Milano (2021) Report Smart Working 2021.

The Observatory forecasts state that these figures could remain stable even after the end of the pandemic because, once introduced, it would be difficult to restore "normality".

In this context, the rush to adapt to a constantly changing world, especially following events such as the pandemic, jeopardizes the approach to change management, one of the biggest challenges facing companies.
As widely discussed, the approach to smart working is a slow and costly process of change, impacting every aspect of the company, from strategy to culture.

3.3.1 KURT LEWIN'S MODEL

Lewin and Kotter's models, also applied to change aimed at integrating smart working practices, develop frameworks to guide the implementation of change. One of the first models developed on the concept of 'change management' is that of Kurt Lewin, a German psychologist but also a scholar in economics and communication.

Lewin, in fact, in his studies analyses the human relationship through the following equation: $B = f(P, E)$. The concept he wants to express is that the behavior of an individual (defined as B), is determined by a function composed of their personality (P) and the environment, both physical and social, that surrounds them (E).

The same approach can also be applied to companies, by taking the place of the individual in the equation, as they depend on two factors: one internal and one exogenous. The endogenous one could be identified in the resources the company possesses, with their skills and capabilities. The external element, on the other hand, is the environment that surrounds it, which can be defined as the industry or market within which it operates.

The theory of change is collected in a series of his 'selected theoretical papers' on the study of human behavior, published in 1951, after his death, called "Field Theory on Social Science"[75].
This was a strong inspiration for the publications of economists in the following years.

In his writings, the author analyses the transformation of the company and suggests three stages through which the company evolves during the change process.

The first stage is called "unfreezing", in which the need for change emerges within the company. If managers could inspire their employees, they would receive an increase in motivation and be willing to change. The author explains

that natural resistance would automatically arise in response to change, as if they do not want to separate themselves from what they know and go through a transformation into the unknown. This leads to a state of uncertainty and instability. This phase is very fragile as it accounts for most of the failures.

The second phase is the action phase, in which change becomes an integral part of the organization. Leaders develop a strategy, taking into account the mistakes that should not be made, and restructure the organization according to the activities that employees perform, and the technologies used. Through effective leadership they have to communicate correctly with employees and establish a climate of enthusiasm.

The last phase is called "refreezing" and takes place only at the end of the transformation process. The company has reached a new equilibrium and the new corporate culture and habits are now established.

3.3.2 JOHN KOTTER'S MODEL

John Kotter's model is the focus of one of his most important writings: "Leading Change"[55].

The former Harvard professor develops a model based on the eight mistakes that managers must not make when implementing change, followed by eight steps that companies must follow to avoid failure.

1. Develop a sense of 'urgency': in this state there is a need to carefully analyze the market and the industry to identify changes taking place. It is important to convince 75% of managers that maintaining the status quo would be a greater danger than innovating. The traps hidden by this state are related to the underestimation of the difficulty of change and above all the lack of decisive leadership to establish a climate of innovation among employees.

2. Create a leadership team: this coalition of managers share a commitment to change through their power over employees. Teamwork has to be encouraged and stimulated to achieve the common goal of transformation, stimulating actions outside one's comfort zone. The main risks lie in the difficulty of working in a team of top managers and the potential lack of leadership.

3. Creating a vision: At this stage, the team creates a vision to guide the transformation and develops strategies for its realization. It is important to avoid presenting a vision that is too complicated or not well defined. In this regard, the author explains that such a vision must be communicated in less than 5 minutes, generating an effect of astonishment and interest in the listener. Otherwise, the proposed vision would not be reliable.

4. Communicating the vision: the new ideals must be disseminated through all the means available to the company, starting with e-mails, presentations, meetings, etc. Communicate anywhere and everywhere. The leadership team must lead by example and, in our case, should be the first to adopt smart working as the main

form of work, communicating the benefits to employees. Actions speak louder than words.

5. Empower others to act on the vision and remove barriers to action: in this phase, the leadership team has to remove all obstacles that hinder the development of the vision, encouraging workers to take risks and develop non-traditional ideas and activities. Among the major risks we find that some individuals may be reluctant to change, interfering with the transformation process. In this case, Kotter does not propose 'easy' solutions: some individuals will have to be removed from the company.

6. Short term wins: As already examined in this chapter, it is necessary to plan for tangible and measurable improvements. In this sense, especially for leaders aiming for long term change, it will be necessary to be able to 'celebrate' short term successes, noting improvements in aspects of the organization such as increased sales or staff satisfaction. Each milestone should be accompanied by a mechanism to recognize and reward those who have committed to the change, generating a sense of active participation in the transformation. Without proper planning of short-term goals, the organization may lose the thread of transformation, generating a decrease in motivation, with catastrophic results.

7. Consolidate improvements: In this state, leaders must use the credibility gained from the successes of recent stages to their advantage. They must recruit and promote the most deserving and dedicated resources that can help implement the new vision. At the same time, they must reinvigorate the change processes with new projects. It is important to avoid singing victory too early by celebrating in advance. Once the new vision is developed and implemented, the sedimentation of change takes place very slowly, between five and ten years.

8. Institutionalizing the new approaches: the last phase is the longest and can last for years. Leaders during this period need to be adept at communicating to employees how, through their involvement, the new culture and approaches

have had a positive effect on business performance. Change is cemented when the new culture is integrated into everyday reality and becomes a common, normalized practice. At this stage, leaders need to communicate values and rules consistent with the change and avoid promoting people who do not embody the new approaches.

The first four steps of this model are reflected in what Lewin called the 'thawing phase', in which abandonment of the status quo is the major form of resistance. The author states that *"if change were easy, we would not need all that effort"*.

Stages from five to seven relate to the adoption of the new practices and the development of the new corporate culture. The last step represents the cementing of the new practices, which have now become "normality".

In the text "Leading Change", Kotter also presents the results of a research conducted to assess the success of change initiatives carried out by adopting the eight-steps proposed in his model, obtained by interviewing top managers of twelve large manufacturing companies. The results show that only 80% of companies make it through the first stage, of which 40% make it through the second stage; 70% of them also passed stage 3, 60% passed stage 4 and 40% passed stage 5. With regard to stages 6, 7 and 8, only 10% of the remaining companies manage to close the circle, correctly internalizing the change and obtaining tangible results from the transformation.

The reasons behind the failure of the change initiatives appeared to be related to managers' difficulties in leading the coalition, developing a detailed strategy and communicating the vision. Without a clear and well-defined vision, it is impossible to develop an action plan broken down into 'short term wins', creating confusion and a lack of trust in the CEOs.

3.4 CHANGE EFFECTIVENESS MEASUREMENT

Once the change is implemented, companies need to constantly monitor their performance in order to properly manage the resources to foster innovation. However, measuring the effectiveness of a transformation is very complicated. Factors related to motivation, morale and leadership are difficult to measure quantitatively.

At the end of a technological transformation, such as the introduction of smart working, it is expected that the technologies used will have positive effects on business performance, such as increased productivity, growth and competitiveness[78].

The most frequently used indicators are[79]:

- Change readiness surveys: periodically administered by managers to their team colleagues in order to assess their feelings about change. The aim is to evaluate the psychological state of colleagues during the various stages of change.

- Training surveys: to measure employees' satisfaction with respect to certain aspects of their job and the consequences of the change on their work. Generally, a scale is used to assess this kind of data and the average is calculated across all the participants.

- Communications metrics: there are a number of key performance indicators that can assess communication in the company, for example those that measure employee participation in meetings, or how actively they participate in change. With today's tools, such as Google Analytics, it is very easy to look at

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[78] Archibugi, D. & Pianta, M. (1996) *Measuring technological change through patents and innovation surveys*. *Technovation*. Institute for Studies on Scientific Research, National Research Council. 16(9). 451-519. ISSN 0166-4972.
[79] The Change Compass (2019). *The ultimate guide to measuring change.* https://thechangecompass.com/the-ultimate-guide-to-measuring-change/

employees' behavior via their corporate devices, even measuring how many of them visit a certain page, with a range of demographic and other information.

- Culture surveys: periodic evaluation - based on a Likert scale (or on short answers – aimed at assessing the effects of change on factors related to leadership, communication, collaboration, belonging and engagement.

- Change heatmaps: organizations need to be able to correctly map all SBUs (Strategic Business Units) that are impacted by change and to what extent. Managers need to question how they are managing each unit and correct their strategies, e.g., allocate more resources to some overloaded teams.

In addition to the models just listed, it is possible to assess change by macro-factors relating to company growth, i.e., cost reductions over the years, to the divestment of offices and the promotion of working from home, increased revenues, efficiency of internal company processes, customer feedback, number of incidents.

3.5 SMART WORKING IMPLEMENTATION

Companies that want to implement smart working practices must start by defining the transformation plan. Nowadays, most of the world's companies are going through a major technological transaction.

In order to analyze at what stage of the implementation the company find itself, we can rely on the Smart Working Maturity Model, proposed by Andy Lake[80]. This, rather than being an actual model, is a tool to analyze the change process and evaluate which actions needs to be takes with respect to the factors that have not been implemented, yet.

It consists of the following four stages:

- Isolated initiatives: at this stage, the company begins to think innovatively and outside the box, increasing flexibility in its approach to employees' tasks. The company implements initiatives involving a better work-life balance, the possibility to work in environments other than the office and to develop ad-hoc tasks for employees working from home. These practices "*sow the seeds for more integrated programs by demonstrating some benefits*" [80].

- Basic flexibility: flexible working becomes an integral part of the organizational model of the enterprise, also thanks to the implementation of new rules or procedures, which are primarily concerned with the well-being of employees.

- Advancing flexibility: This is the strategic phase, in which the company adapts to the smart working model by introducing technological tools, redesigning spaces in a collaborative manner, thus reducing desks and eliminating "fixed workstations". Some areas, such as the IT department, are being upgraded to manage the devices used by all employees correctly.

- Smart flexibility: a company that reaches this last step of the model has adopted smart working practices correctly. Investments are restructuring the work

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[80] Lake, A. (2014), "Smart Flexibility: Moving Smart and flexible Working from Theory to Practice", Development and Learning in Organizations, Vol. 28 No. 6. https://doi.org/10.1108/DLO.08128faa.005

culture and flexibility is the key aspect of every employee's tasks. The corporate culture has changed by welcoming these practices into normality. Workspaces are reconfigured as needed. Offices now resemble co-working facilities, with unnamed workstations that can be used by anyone who needs them. The relationship between managers and employees is revolutionized, based on mutual trust and a performance-based reward system. The autonomy of employees has increased, and their mobility has reduced since they are not required to travel from home to work every day. New projects based on teamwork guarantee a reduction in costs related to the resources needed on the same project, with an orientation towards continuous innovation in technologies and skills.

Once the last step of Lake's model has been reached, companies should not be complacent. The process is not yet completely over. Companies must always stimulate innovative thinking and aim for growth in order to gain a competitive advantage in the market.

In addition, the concept of smart working is still growing, and companies need to engage in continuous updates in order to keep up with new technologies and innovative techniques.

"Innovation distinguishes between a leader and a follower."

(Steve Jobs)

CHAPTER IV – THE EVOLUTION OF SMART WORKING POLICIES IN ITALY AND MY EXPERIENCE AT DELOITTE

4.1 TELEWORKING IN ITALY BEFORE THE PANDEMIC

The concept of smart working is considered a direct evolution of teleworking. The latter, in fact, laid the foundations for a revolution in the way tasks were carried out, allowing employees to work outside company premises. Smart working is undoubtedly a more complex concept, requiring a change in the organizational model, overturning aspects such as the relationship between superiors and employees and the corporate culture itself.

In Italy, the concept of teleworking spread in the late 1970s, following the energy crisis of 1973 which had generated an increase in the price of crude oil and its derivatives. This led to the need to find new forms of work with a reduced impact on energy consumption.

This led to the necessity to develop new forms of work just like telecommuting, which soon became widespread in Italy. The real breakthrough came in the second half of the 1990s, when remote working was considered not only as a positive attitude towards the environment, but also guaranteed an increase in the employment rate and the development of innovative businesses.

The first law relating to telework arrived in 1998, known as the "Bassanini-Ter" Law (Law 191/1998), which defined telework as "*work carried out by employees in any place deemed suitable, outside the workplace, with the support of information technology* (...)".

In more recent years, this law has been revised in the so-called "Jobs Act", a much-discussed reform promoted in 2014[81] by Renzi government and implemented in 2016 with the aim of maxing the labor market more flexible. The intention of the reform was to decrease the unemployment rate by

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[81] On 29 January 2014, a bill was presented on the initiative of deputies Mosca, Ascani, Saltamartini, Tinagli, Bonafè and Morassut. This document contained provisions on smart working, defining it as an innovative way of working based on flexibility, especially regarding working hours and places. It presented research, including one by the Milan Polytechnic, which reported benefits to society, the environment and the state itself. The main implications guaranteed were increased productivity, reduced absenteeism and increased employee satisfaction. The application of these models in Italy would have guaranteed an increase in productivity of €27 billion and a decrease in fixed costs of €10 billion.

promoting incentives and relief for hiring companies. Legislative Decree 80/2015, in particular, established regulations on telework with references to the work-life relationship.

4.2 LAW 81/2017

The biggest breakthrough in this area was achieved with Law 81/2017[82], particularly in Articles 18-24.

The legislator describes agile work as a tool with the "*aim of increasing competitiveness, facilitating the reconciliation of life and work (...) with forms of organization by phases, cycles and objectives without precise time or place of work constraints, with the possible use of technological tools for carrying out the work activity. The work is carried out partly inside the company's premises and partly outside without a fixed location, within the limits of maximum daily and weekly working time (...). The employer is responsible for the safety and proper functioning of the technological tools assigned to the worker for the performance of the work activity (...). The tax and social security incentives that may be granted in relation to increases in productivity and efficiency of employees are also applicable when the work activity is carried out in agile work mode*".

This legislation has made it clear that agile working does not represent a new type of employment, but merely an agreement between the parties on a different way of performing tasks.

The employee is free to choose whether to carry out work activities inside or outside company facilities, autonomously organizing the hours of his working day within the limits imposed. Regarding the technological means, the legislator states that the employee "may use" them, and that the employer is responsible for their safety and proper functioning.

Article 19 of the same decree establishes certain constraints in the performance of work, indicating work and rest times, which guarantee a break of 15 minutes every two hours of work, and identifies measures to ensure the worker's disconnection from technological tools.

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[82] Legge 22 maggio 2017, n. 81. https://www.gazzettaufficiale.it/eli/id/2017/06/13/17G00096/sg

This article is very important because the issue of disconnection is one of the most discussed in the field. Indeed, the right to disconnection is difficult to recognize for the remote worker, without a defined working time. Recognition of this right corresponds to the freedom to choose one's working hours without feeling obliged to stay connected and to be available through e-mails, messages, and information flows. This could lead to the employee feeling forced to stay online all the time and losing the concept of barriers between work and private life.

Article 20 of Law 81/2017 guarantees equal economic treatment for employees who carry out work tasks outside company environments, guaranteeing learning and periodic certification of skills. This also turns out to be a normative breakthrough, as it guarantees the same rights as 'traditional' employees. This, from the perspective of national culture, allows smart working employees to be seen as equal to others, integrating this concept into common thought[83].

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[83] The Osservatorio Smart Working of Politecnico di Milano in a 2017 research estimated an increase in agile working in Italy following the introduction of the above-mentioned decree. It estimated that smart working rose by 14% between 2016 and 2017, with a 60% jump between 2013 and 2017, with numbers around 305,000 workers estimated. Of these, around a third reported they work in companies with structured smart working projects, while the remainder enjoy a form of flexibility on working hours and tasks.

4.3 SMART WORKING DURING THE PANDEMIC AND THE "NEW NORMAL"

The momentous shift in the adoption of smart working practices begins with the World Health Organization on 31 December 2019 notifying an outbreak of pneumonia cases in the city of Wuhan in China. Shortly thereafter, on 11 February 2020, the WHO announced that the respiratory disease in question had been identified as Covid-19[84].

After a global risk assessment of infection, the WHO establishes global pandemic status on 11 March 2020. The impact of the pandemic had a cascading effect on the world's population, radically changing citizens' habits and the promotion of directives that continually sought a balance between freedom and humanitarian rights, some of which had to be renounced in the name of health protection.

In the international context, Italy was one of the countries most affected by the epidemic and unfortunately one of the first in which the virus spread. The first two cases were a couple of tourists coming from Wuhan before China blocked flights to foreign countries. The virus soon spread to northern Italy, thanks to the ease of infectivity.

Conte's government immediately implemented drastic measures of forced quarantine for the whole country, generating the effect of ghost towns (as in Wuhan). This stance was accompanied by an information campaign, via platforms such as television and the internet, to "*educate and inform citizens about the real risk estimated on the basis of the data currently available and about correct behavior, increasing awareness of the disease and avoiding misinformation*" [85].

Quarantine measures, aimed at preserving the state of health, aimed at shutting down unnecessary activities, maintaining essential services and limiting the

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[84] Literally defined as COrona VIrus Desease, where 19 stands for the year of discovery, i.e. 2019.
[85] Scarpa, N., Sghedoni, D., Valetto, M. R. (2020) COVID-19, la malattia da nuovo coronavirus (SARS-CoV-2). Editore Zadig. ; Grennan, D. (2019). What Is a Pandemic? In *JAMA - Journal of the American Medical Association* (Vol. 321, Issue 9, p. 910). American Medical Association. https://doi.org/10.1001/jama.2019.0700

presence of employees in offices to reduce interpersonal contact. This required a very rapid rethinking of work organization and models in all businesses. Many workers started to work from home, following provisions such as the D.P.C.M. of 8 March 2020, which stipulated that "*the agile working mode governed by Law 81/2017*[82]**Error! Reference source not found.** *may be applied for the duration of the state of emergency*" and "*that the maximum use of agile working modes be implemented for activities that can be carried out from home*".

This decree had the purpose of promoting, during the lock-down period, business continuity and maintaining a proper balance between two of the fundamental human rights: the right to health and the right to work.

In this context of emergency, therefore, it must be emphasized that smart working practices were not implemented after a careful analysis of the relative benefits for employees or the environment but were rather promoted to protect the population and reduce movement, when in fact people could only leave their homes to procure basic necessities.

A further factor to consider at this stage is that employees had a free choice of where to carry out work but were obliged to do it at home.

In this scenario, Italian companies and the public administration have had to carry out a forced phase of experimentation on the smart working approach, based on cultural transformation, shifting to smart-type projects based on autonomy, trust and collaboration between managers and subordinates.

After the acute lock-down phase, research by the Osservatorio Smart Working of Politecnico di Milano showed that smart working involved 97% of large companies during the most critical phase of the pandemic, 94% of public administrations and 58% of SMEs, with a total of 6.58 million agile workers. This strong impact has shaken up the structural organization of Italian businesses, demonstrating that smart working can be practiced and if correctly implemented, it can generate positive effects in relation to work-life balance and productivity, generating positive environmental outcomes[86].

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[86] Caronia, D. (2020) Lo Smart Working oltre il Covid-19: qual è il futuro del lavoro dopo l'emergenza sanitaria?. Osservatori.net Digital Innovation, Blog.

4.3.1 NEW NORMAL

The phase following the lockdown was a transitional one in which security measures were loosened, aiming for a return to what would have been normality. As regards work, the number of employees in smart working declined slightly, from 6.58 million to 5 million, while still maintaining a high proportion, in keeping with what was said earlier about the benefits.

Roberto Prioreschi, Managing Director of Bain & Company in Turkey and Italy, said that "*the pandemic has made us move towards a new way of working that we will take forward over time, ensuring the right balance between virtual and physical work*".

Furthermore, he defined the pandemic as a "*stress test for Italian companies*", but also "*an opportunity to win over millennials and Gen Z, i.e., consumers who in the coming years will reward companies that have rethought their processes with a view to sustainability and digitalization.*"[87]

Italy's limitations in this process are related to the technology gap. In order to enhance the transition, it is necessary to ensure that the entire population can access and learn to use computers and the Internet.

The Network Readiness Index (NRI) compiles an annual report on the readiness of 134 economies worldwide to adopt digital tools in the process of technological transformation. Four Key Performance Indicators are used:

- Technology: with factors related to access to ICT technologies, including communication infrastructure, distribution to the population and efforts to develop new technologies such as artificial intelligence.

- People: how individuals, companies and governments use technology.

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[87] According to a CENSIS report, during the lock-down period, 75% of the Italian population used the internet regularly, an increase of 70% compared to the previous year (2019). From a global perspective, there was an increase of 800 million people between 2019 and 2021 who connected to the internet for the first time.

- Governance: overs the management of ICT facilities, how the government promotes the network economy and the digital divide within the country.

- Impact: concerns the economic, social and human impact of the adoption of network technologies and the attention paid to the environment, health and education.

In the 2020 report, Italy is ranked 32nd in the world, but has good results on the impact of ICT solutions on the SDG (Sustainable Development Goals) programs, especially on well-being and sustainability, but scores poorly on quality of life, due to limited access to digital technologies and internet-related skills. Regulation and governance do not help the adoption of new technologies[88].

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[88] Network Readiness Index Report 2021. Portulans Institute, STL.
https://networkreadinessindex.org/analysis/#key-results

4.4 MY EXPERIENCE WITH SMART WORKING AT DELOITTE

In this section I will present my personal experience with the smart working approach, reviewing the theoretical models for the successful implementation of smart practices.

In July 2021, I started an internship in consulting at one of the largest companies in the industry: Deloitte[89], a multinational consulting and audit services company. It is part of the so-called "Big Four" of the audit industry, together with EY, PWC and KPMG, and has more than 300,000 employees and revenues of USD 50.2 billion by 2021[90][91].

Deloitte has been present in Italy since 1923 and provides auditing, consulting, risk advisory, financial advisory, legal and tax services to private and public companies, delivering expertise to address the most complicated business challenges, aiming for excellence in the services provided.

The working approach adopted is based on collaboration, teamwork, respect, and mutual trust between staff. The structure is division-based and spreads from the head office in New York City.

The divisional structure was developed as an evolution of the functional structure[92], which limits the company's extension in terms of offering and geographical expansion, allowing the company to be organized into separate

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[89] The firm was founded in 1845 by William Welch Deloitte, who opened the first office in London and became the first independent auditor of a public company: Great Western Railway. The firm expanded into the United States in 1890 and later merged with Haskins & Sells in 1972 and more recently with Touche Ross in 1989.
[90] Deloitte Italy. https://www2.deloitte.com/it/it.html
[91] The company has shown an innovative footprint, which has characterized the numerous acquisitions of the company especially in recent years. In 2011, the group acquired Domani Sustainability Consulting and Clear Carbon Consulting, to increase the range of services offered regarding sustainability programs and green economy. Three years later the Rubix project was released, as a consulting company for services promoting the use of blockchain.
[92] The functional structure is the simplest model of business organization, concentrated in a single sphere divided into SBUs (Strategic Business Units), each responsible for a business area and headed by the chief of division. This form of model allows the development of economies of scale and experience, as business activities are carried out in one single location. Therefore, decision-making is centralized and leaves little initiative to each single business unit.

divisions, with decentralized form and peripheral autonomy, each responsible for its own budget, strategies and offering[93].

In breaking down work into projects, Deloitte assigns each client a core team led by a trusted partner, who in turn assigns tasks to a subordinate manager. When defining budgets and strategies, the partner and manager decide how many resources to allocate to the project, based on the skills of each, and the relative cost according to grade.

Working with this methodology, the company has always had a solid grounding and has managed to stubbornly deal with the changes in the way of working due to the pandemic. In fact, smart working practices were already widespread in Deloitte's environment and in the context of multinationals working in the service sector[94].

During my first six months at Deloitte, I was introduced for the first time to smart working, which had been considered normal in the environment (among colleagues) even before the global pandemic.

The mission of the segment I belong to is Digital Transformation consulting, i.e., the process of adopting emerging technologies to improve business performance for the client company. This requires the study of trends and new emerging technologies, developing innovative ideas on their possible use in organizations.

According to a recent report by the MIT Sloan Management Review in collaboration with Deloitte[95], companies that adopt digital transformation

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[93] This type of approach promotes flexibility and change in each division, since each SBU is smaller and more changeable in relation to its environment, depending on the sector in which it operates, the products or services it offers and the geographical area in which it works. Decision-making processes are decentralized, and each division has its own independence and autonomy.
This enables each division to adapt its service to the socio-economic and cultural characteristics of the country in which it is located. This model, as opposed to the functional one, has limitations in the development of economies of scale, since several teams operate on different projects with well-defined budgets, staff and working spaces.
[94] Deloitte managed to properly organize projects and take advantage of its internal network, through heavy investments in human resources and ICT, to provide better assistance to clients.
[95] Kane, G. C., Palmer, D., Phillips, A. N., Kiron, D., Buckley, N. (2019) Accelerating Digital Innovation Inside and Out. Agile Teams, Ecosystems, and Ethics. MIT Sloan Management Review in collaboration with Deloitte Insights.

processes produce innovative solutions at a significantly higher rate than companies that have not kept up with current technology. In addition, digitally mature companies have a more flexible and innovation-prone structural organization, which has a positive effect on the confidence of employees, who have more room to develop innovative ideas.

In the first phase, I was given a company PC, equipped with all the necessary tools to carry out the tasks the manager would assign me. The working day, according to the terms of the contract, is from 9 a.m. to 6 p.m., with a one-hour break for lunch between 1 p.m. and 2 p.m.; despite this agreement upon the working hours, the company is open to a more flexible arrangement of the working activities, in order to better meet the clients' needs. Indeed, from the very beginning, I noticed how flexibility in terms of working hours is anyway guaranteed to the employee. In fact, despite contractual constraints, the company promotes flexible working hours, which can be chosen arbitrarily by employees, while considering the conventional hours suggested by the contract.

The factor of flexible working hours must also ensure business continuity on projects for overseas clients. In fact, Italian teams often find themselves working with companies outside their own geographic area, with a different time zone. For this reason, it is necessary to adapt to the client's schedules and allow activities to be always active and resources to be available to the customer.

Sometimes a task is assigned in the evening and the worker has to work until late. In that case, apart from emergencies, it is legitimate to take time off in the following morning. However, employees are encouraged to keep to working hours, also as a matter of alignment and internal organization, except in cases such as the one mentioned above.

For the case in review, we can look at John Kotter's 8-step model for implementing smart working, analyzing how Deloitte managed to handle each step of the framework, achieving an exemplary transformation even during the most critical period of the pandemic.

Starting with the first step: Developing a sense of urgency for change. This urgency, in this case, was induced by the health condition.

The approach to cultural change and acceptance of the transition was made easier by the fact that resources are very young and innovation-driven. In fact, 60% of employees are under 30 years old. In this context, it is easy to spread innovative ideas and encourage employees to adopt new working techniques. Especially among younger people, this can be a source of motivation to perform.

The second step is to create a team of leaders to spread innovative ideas. In the specific case of Deloitte, the top management has always cared about the importance of innovation and has managed to delegate to the partners of each division (the highest rank in the company) the task of spreading the practices necessary for the implementation of smart working to their managers.

For the third and fourth step, the company defined a clear vision of the transition process and each team was involved by promoting webinars and internal meetings with a strong focus on proper communication. New employees are also immediately trained by the human resources and IT support departments in these practices. Benefits are properly communicated and generate a motivating and inspiring effect for new recruits.

The fifth point, which is the removal of barriers against the implementation of smart practices, has not negatively affected the development of the transformation, considering the size of the group worldwide. In addition, the communication of the benefits did not leave any room for any resources that were reluctant towards smart working.

As far as short-term wins are concerned, this factor goes hand in hand with the project work system. In fact, each project is unique and well defined in context. Every time a project is closed by means of smart working, teams receive benefits such as a 'production bonus', which guarantees constant monitoring of employee conditions and increases motivation and satisfaction.

The last two phases of Kotter's model concern the consolidation of the transformation, with the settling of the new culture in the minds of the employees, from the highest grade up to the trainees. This is still an ongoing process, the result of which will be truly tangible over the next few years, when the health emergency will weaken to a partial return to pre-covid living conditions.

In this sense, the Deloitte group will have to manage each geographical division in such a way as to comply with the regulations in force in each country, while at the same time ensuring a proper balance between smart working and physical working practices. Indeed, we cannot forget that in the long term, smart practices have negative repercussions on workers, as highlighted above.

According to internal interviews with some employees[96], they say that one of the negative aspects is the lack of what used to be social life within the company spaces. Some miss certain aspects of the "routine" that are often taken for granted, relating to the professional exchange of views and break/break times within the company spaces, as well as the possibility of bonding with colleagues and new recruits and expanding one's professional network.

Networking is a key issue for employees of consultancy firms. It is the best way to attract project opportunities. The role of successful partners and managers is to find clients to whom they can provide their services, depending on the service line. This can only be done by extending the network and maintaining professional relationships.

"Your net worth is your network."

(Tim Sanders)

With regard to the Smart Working Maturity Model developed by Andy Lake, it is possible to place Deloitte in the last phase of the framework: "Smart Flexibility". Indeed, the group has succeeded in implementing smart working

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[96] Deloitte Italy – Storie di lavoro agile ai tempi del COVID-19.
https://www2.deloitte.com/it/it/pages/careers/topics/lavoro-agile---deloitte-italy---life-at-deloitte.html

practices 100% and continues to invest in projects to redefine the corporate culture with a focus on employee well-being.

In this sense, Deloitte promotes mindfulness projects, stretching and yoga classes that accompany employees on a daily basis in a pleasant break aimed at detaching them from devices and work-related thoughts.

On the downside, employees of these service companies, through the adoption of mobile devices, are often exposed 24/7 to their work. According to an internal survey conducted by Deloitte's Workplace Pulse, 33% of employees sampled stated that they don't feel confident in requesting personal time off and that when they do, they always bring company devices with them to conduct some work-related activity. 32% of respondents reported that they always put work commitments before personal and private commitments. Only half of the respondents (48%) confirmed that the company takes care of work-life balance. This, for the group, should be a spur to develop more practices aimed at work-life balance, ensuring more opportunities for employees to disconnect.

According to Deloitte Global Human Capital Trends[97], only one-third of executives consider work-life balance a priority, and only 10% of them think of initiatives to effectively improve it.

One of the first steps leaders can take is to lead by example. For employees to feel they can truly unplug, they need to see their leaders taking time off. Along the same lines, it is important for leaders to publicize and celebrate flexible work policies.

It is also important for leaders to engage in honest conversations with their subordinates about the challenges and frustrations they face, including whether or not they feel they can truly disconnect when away from the office.

As business leaders, they must realize that an overloaded, hyper-connected employee is a business problem. Their responsibility is to find ways to make

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[97] Deloitte US. 2021 Global Human Capital Trends: Special Report.
https://www2.deloitte.com/us/en/insights/focus/human-capital-trends.html

information easier to find, promote flexible policies, and foster employee well-being. Such intervention can have a positive impact on engagement, teamwork, and productivity.

"*It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change.*"

(Charles Darwin)

In closing, we can review what I would call "the two faces of smart working".

The first, the more exposed and brighter one, encloses all the benefits that this business model generates. First and foremost, those related to environmental factors. Perhaps we should consider these as the most important, if we care about planet Earth, supporting green policies that focus business strategies on sustainability. The study showed that the increasing application of smart working will lead to a reduction in CO_2 emissions of 214 million tons by 2030. The greatest impact would be ensured by a net reduction in traffic for all employees travelling the home-work route (and the related time saved) and by the reduction of relative energy within company spaces, especially for lighting, heating and air conditioning.

Next, we need to consider the benefits to workers, starting with the focal concept of the topic: work-life balance, i.e., "*the ability of individuals to find a rhythm that allows them to combine employment with their personal life outside the workplace*". Secondly, it is important to underline the reduction of costs for the workers, such as those related to travel, food and so on. Finally, we cannot forget the increase in productivity and the general performance of the worker.

As far as companies are concerned, the benefits are multiple. Starting with a reduction in the costs necessary to maintain company spaces, such as cleaning, energy consumption, equipment and the possible rent or acquisition of the real estate. It would also have benefits regarding sustainability and increased productivity.

The second side of the coin, however, refers to all the downsides of smart working, sometimes forgotten or "invisible". These downsides stem from incorrect implementation of the model and can have negative repercussions on the psychological level of employees, generating burnout or mental break-down. This, in turn, may generate a domino effect pouring on decrease of the motivation and satisfaction of the employee, with negative consequences on productivity.

At the same time, the company would suffer on the quality of work of its employees and could incur in secondary consequences, such as an increase in company turnover, and therefore a decrease in retention rate and the attractiveness of the company for younger workers.

In conclusion, we have analyzed that the downsides of smart working generally come to the surface when these practices are not implemented properly in the company. As a result of the models and evaluation methods analyzed in this paper, we can say that leaders have room to improve the management of their employees by meeting their needs through the promotion of the right company policies and strategy.

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SUMMARY

 The choice of the topic of this paper stems from a strong interest in an emerging organizational model of Smart Working. Having started working in July 2021 in a consulting firm, I immediately interfaced with this new way of working; Hence, in writing this thesis I tried to analyze it in depth through the study of research, articles and documents published on the subject.

This paper aims to analyze the evolution of remote work, until the rise of the smart approach that we know today. In analyzing this topic, the benefits and disadvantages arising from its application have been highlighted, from three points of view: environment, worker and companies, emphasizing the attention on the radical and sudden change imposed by the global pandemic of Covid-19. Finally, in the last part of the thesis the focus has been on the Italian situation pre-Covid and post-Covid, with an in-depth regulatory study, an examination of future prospects and a review of my personal experience with the smart working approach.

In the research, the history of telework is retraced, starting with a literature review of the terms in the first chapter and analyzing in detail the fundamental components and characteristics of smart working. In the following chapter, the focus is set on the analysis of the advantages and downsides deriving from the smart approach, from the environmental point of view, from the perspective of the worker and that of the companies that adopt the practices, carried out through a study with a cause-effect approach.

The third chapter examines the theories developed on the correct implementation of smart working, with an initial in-depth study of the concepts of Change Management and Leadership, and the analysis of two of the best-known models for monitoring transformations within the company.

The last chapter, on the other hand, focuses on the Italian situation and existing legislation before and after the global pandemic, with a final paragraph on my experience in approaching smart working practices in Deloitte.

During the recent history it is possible to identify two main period related to great transformations in the working world. The first one happened among 1980s and 2005, characterized by the concept of Fordism and post-Fordism,

with manufacturing firms managing employees in order to create mechanized chain of work. This very first period did not comprehend the adoption of technological tools to carry out work, but it lays the foundations for all the theories and models developed in the second period of transformation: the one from 2005 to the present day.

To better understand the concept, it is necessary to analyze the literature review, through a definition of the Smart Working definition given from the Osservatorio Smart Working in Politecnico di Milano:

"Thanks to digital technologies, available devices and people's propensity for virtual interaction and relationship, it is now possible to rethink work organization models, but the transition to Smart Working is much more than a project of technological innovation. It means, in fact, to question stereotypes about places, times and tools of work allowing people to achieve at the same time a greater professional effectiveness and a better balance between work and professional life".

Smart working, therefore, requires the upheaval of business processes in an end-to-end perspective, redesigning the way of working, the place, the hours and the relationships with colleagues and superiors, affecting three fundamental elements within the company, defined as the 3 Bs:

- *Bricks*: as a concept of corporate spaces, which become virtual and no longer physical, creating an environment that improves productivity.
- *Bytes*: reconfiguring physical and temporal boundaries, using computer systems to perform employee tasks.
- *Behavior*: the biggest change is related to corporate culture and employee habits, which are disrupted in favor of innovation.

The concept of working outside of corporate spaces traces back to some experiments carried out in the United States during the 1970s.

The term Telecommuting was born to indicate a form of work that could generate positive effects on the environment, reducing the pollution produced by commuting.

The term Telework, on the other hand, refers to the use of early technological tools to carry out work outside the company boundaries. These two concepts were fundamental to the development of smart working today, defined as "*an*

approach to work organization that aims to increase efficiency and effectiveness in business results by combining flexibility, autonomy and collaboration, through the optimization of the working environment and tools for employees".

When analyzing smart working, its main components are related to aspects of space and time and relationships. To encourage employees to smart working, management must support a change in mindset and culture, promoting innovation. Among the key aspects of this process is motivation, as a factor in developing skills and competencies and keeping employees focused.

Motivation, in fact, is defined as "*a positive energy by which employees are invested (…) that makes the individual continue to be constantly engaged in their work*".

Two types of motivation have been analyzed:

- Extrinsic motivation, whereby workers seek to do their jobs in search of benefits and rewards, but these often do not help to stimulate the employee in productivity.

- Intrinsic motivation, which relates to performing activities for intrinsic satisfaction. To build an intrinsically motivated team, managers need to develop three factors: *Autonomy*, encouraging employees to do the work themselves and feeling confident; *Mastery*, with the constant development of new skills and competencies in the tools used; and *Purpose*, meaning the set of values for which employees strive to improve, which goes beyond just salary.

One of the concepts related to smart working is that of the Intelligent Workspace. This means a virtual space and UCC-tools (unified Communication and Collaboration) that offer employees the ability to interact with each other. Companies that adopt smart practices must know how to manage communication and collaboration, both horizontally, between workers on the same team, and vertically, between managers and subordinates.

The skills and competencies a company needs to master collaboration through technology tools are three:

- *team-working*, with employees working towards the same goal, each with his own position and responsibilities.

- *community collaboration*, where the focus is on learning and developing skills rather than on the material outcome.
- *network collaboration*, where the network enables the exchange of knowledge and information between employees, bringing together workers from different geographies and other business units.

The analysis of the main advantages and complexities of smart working cannot refrain from considering three main perspectives: environmental aspects, employees' point of view, and companies' perspective.

Environmental Aspects: Extensive research on the effects of smart working on the environment has shown the potential for impacts on CO_2 emissions and energy savings, primarily related to commuting and movement factors.

According to 2018 research commissioned by Regus, a company that provides co-working spaces, offices and virtual spaces, with more than 600,000 locations worldwide, determined that the adoption of smart working practices as of 2018 in 16 countries guaranteed emission savings of 214 million tons of CO_2 by 2030, equivalent to the savings generated by planting 5.5 billion trees within ten years. At the same time, we must consider the energy savings guaranteed by the non-use of business facilities, related to heating, air conditioning and energy for lighting and the use of IT systems.

Worker's Perspective: Because the smart approach relies heavily upon human resources, companies must empower HR departments to direct change and continuously measure it. In order to have a clearer view, the main aspects related to employees are work-life balance, job satisfaction and motivation.

Work-life balance is defined as everything the company puts in place to improve the balance between the work life, within the established schedule, and the private life of each employee. This aspect is fundamental to the overall quality of life of workers. During the 1990s, scholars Zedeck, Mosier and O'Driscoll developed five models to classify the relationships between work and personal life, analyzing the influences of one on the other.

The *segmentation model* assumes that personal and work lives are distinct and cannot influence each other. The second model, in contrast to the first, is the *spillover model*, which states that indeed the two dimensions can influence each

other positively and negatively. To assess how, factors such as job satisfaction, turnover rate and others related to the health, especially mental health, of the individual must be taken into account. Another model is the *compensation model*, which proposes the idea that people try to compensate for imbalances in one sphere with the other. For example, in times of high work stress, workers will try to receive positive experiences with family.

The fourth model is the *instrumental model*, in which activities performed in one dimension facilitates success in the other. For example, studying, participating in courses and competitions during leisure time leads to the possibility of receiving positive career effects. The last model is the *conflict model* and states that a high level of demand in one of the two lives leads to difficulties in choices in the other, generating conflict for individuals.

The effects of a proper work-life balance management, through the promotion of policies that meet the needs of employees, brings benefits to companies in relation to cost reduction, mainly due to a reduction in absenteeism and turnover, and an increase in productivity and performance of individual employees.

Satisfaction is a direct consequence of proper personnel management and refers to the "*combination of psychological and environmental circumstances that make an individual satisfied*".

Factors that positively influence job satisfaction can be traced to salary, opportunities for growth, and healthy relationships among colleagues.

These elements, if negative, can generate the opposite condition, i.e., job dissatisfaction, with negative repercussions on workers' motivation and performance.

Herzberg developed the "*Two Factors Theory*" stating that employees are subject to two types of factors that can lead to satisfaction or its opposite. These are divided into *Hygiene Factors*, which are necessary but not sufficient and can lead the employee to "state 0", where they are neither satisfied nor dissatisfied with their work. These factors relate to company policies, internal relationships, salary and job security. To generate satisfaction, they must be integrated with *Motivators*, abstract factors such as goals, recognition, responsibility and opportunities for growth within the company.

Downsides of Smart Working: Once we have examined the positive aspects and all the benefits deriving from the application of smart practices, we must define and analyze all the negative things that can result. These, in general, emerge if the practices are not properly implemented.

During the first lockdown, in March 2020, many companies had to adapt to smart working practices, skipping the experimentation process, to ensure business continuity. Especially in Italy and especially for the Public Administration, the limits for the correct application are related to the scarcity of digitalization in terms of ICT tools used.

The consequences of incorrect implementation can have negative repercussions on individuals, generating a domino effect. In this context, a bad decision of a manager resulting in increased workload for an employee could result in a loss of barriers between private and working life, generating a decrease in motivation and satisfaction, with a consequent drop in performance.

Additionally, some employees may not like the idea of working at home, due to the many distractions. This was a hot topic during the quarantine period, especially for families with double income, with difficulty managing two work environments in the same house.

Among the risks for employees that are more difficult to manage, there is burnout. This means the psychological risk arising from the repercussions of work-related stress on the morale and psychological health of workers. At this time of physical detachment from the company, the employee may feel excluded from business practices and relationships and isolated.

In addition, companies can run into cyber security risks. For this, the concept of cybersecurity is taking hold, as a factor to counter the leak of protected information and sensitive data of the company. This risk can be reduced and controlled by promoting information, seminars and comparisons on the issue, providing employees with company devices protected by VPNs and antivirus and relying on the security services of third-party companies.

Based on the analysis of the possible downsides associated with a bad implementation of smart practices, it appears clear that it is of paramount importance to better define and implement the process of change.

In economic history, every major change has also generated a turning point for society and culture, generating progress for the human race.

Change takes place with the need to develop innovative ideas to increase the efficiency of existing processes or for the creation of new ones.

Van Tonden (2004) defined change as something that had to be completely understood and managed in order to correct the strategy of a company that is experiencing a decline in production and performance, due to changes such as the introduction of a new technology in the industry.

In change management processes, successful rates are very low, less than 30%, which implies that change is often undervalued and badly managed, for example, when leaders fail to communicate their strategy.

John Kotter analyzed the concept of Change Management and identified "The Eight Failures" that most companies experience during the transformation process. The most relevant ones refer to errors in communicating the importance of change, in believing in the success too soon, or providing strategy plans with difficult long-term goals.

The factors that are directly affected by the change are those related to the company's mission and vision, the definition of new roles for employees and all human resources management factors, to assess internal performance during the change process. The transformation needs a flexible strategy, with constant analysis of the implementation and on company's positioning in the industry, adapting changes when necessary.

Another important factor for the implementation of change is leadership. Andy Stanley stated that "Leadership is all about taking people on a journey. The challenge is that most of the time, we are asking people to follow us to places we ourselves have never been". Leaders need to identify and correct the risk of "status quo", an underestimated factor that brings to company's slow responsiveness to change. The conservation of the status quo on the long term can lead the company to a decay in terms of performance and positioning in the reference market.

Two main models for the correct implementation of change have been developed, the first by Kurt Lewin, and the second by John Kotter.

Lewin's model is articulated in three stages through which the company passes in the implementation of the change. The first step is called "unfreezing", during which the need for change emerges and begins to spread in the company. Managers must be able to communicate the transformation and its benefits correctly to increase the motivation of their employees. The second phase is that of action, in which change takes place, through the adoption of new strategies, restructuring of business models, activities of employees and technologies used. The third and final phase is called "refreezing", in which the company has integrated change into its culture and must find a balance with new habits.

Kotter's model, on the other hand, is articulated in eight stages that the company must be able to manage for a correct implementation of the change.

The first stage represents the creation of a sense of urgency, so it begins with the communication of the need for change and its benefits that it would entail.

The second is where a team is formed to drive transformation by stimulating employees to innovative thinking. In the third step, a vision and strategies are created that the company wishes to move forward in adopting the change. In the fourth and fifth step, the vision is communicated within the company and the resistance to innovation is removed. In this case, the same author suggests that there are no short ways to reduce the barriers, and this could lead to the dismissal of resources adverse to the new. The sixth step involves dividing the long-term goal into a series of "short term wins" that allow you to celebrate every little step towards change, keeping motivation high. The last two steps are equal to that of "refreezing", so the company will have to settle the change within the corporate culture, taking care not to celebrate too soon. It could take years to accept new habits as normal.

Once implemented, the change must be constantly monitored in order to evaluate the benefits brought in terms of performance. For this reason, the effectiveness of the change can be found through indicators such as change readiness surveys, communication metrics and analyzing employee satisfaction and their ideas for improvement.

As for smart working, the scholar Andy Lake has developed the "Smart Working Maturity Model" to identify what stage of the implementation is the company.

This consists of four stages:

- *Isolated activities*: this is the first step, in which the company is thinking about innovative ideas, increasing flexibility in the approach to the work of employees. This is the stage when you sow to reap in the future.

- *Basic flexibility*: flexible work becomes an integral part of the company and new policies and rules are developed.

- *Advanced flexibility*: at this stage the company adapts to smart working by introducing the use of technological devices and detaching from the dogmas of fixed working hours and the workplace in the company.

- *Smart flexibility*: this is the last step, where smart working is the main way of doing tasks. Culture has been restructured and flexibility is the focus of the strategy.

Once the last step of the model is reached, companies must continue to invest in the innovative thinking of its resources to secure and maintain a competitive advantage.

The Evolution of Smart Working Policies in Italy: The concept of teleworking started spreading in Italy in the late 1970s, for purposes related to reduced energy consumption, after the crisis of 1973 which generated an increase in the price of crude oil and derivates. The first law only arrives in 1998 (Law 191/1998) which identifies telework and defines it as "*carrying out work outside the workplace with the support of information technology*".

Law 81/2017, in chapters 18-24, defines agile work as a means "*to increase competitiveness and reconcile working life with private life*".

The legislator's intentions contemplated the benefits of implementing agile work, with regard to the use of technological systems that employees "*can use*" to complete their tasks. In addition, it guarantees them 15-minute break every two hours and recognizes equal rights between traditional employees and remote workers.

The real breakthrough for the widespread spread of smart working practices is following the announcement of the WHO of the state of pandemic, March 11, 2020, for the spread of a new virus: the Covid-19. The Italian Government was one of the first to take drastic measures such as forced quarantine for all citizens during the first phase of the pandemic. The first decree published by the Conte

government was the D.P.C.M. of 8 March 2020, which states that "agile work under Law 81/2017 must be applied for the duration of the state of emergency". This type of smart working, however, was "forced", both because companies were forced to adopt it, and because workers had no free choice where to perform the tasks.

The post-pandemic phase has been the "refreezing" one, in which many companies tried to maintain the habits they developed during the quarantine period, but some did not. A report from the Osservatorio Smart Working of Politecnico di Milano stated that the number of employees in smart working passed from 6.58 million to 5 million after the first six months from the pandemic.

My Experience with Smart Working at Deloitte: In July 2021, I started working as an intern in Deloitte Consulting, interfacing for the first time with smart working. The company has always promoted innovative smart working practices, partly implemented before the pandemic. In dividing work into projects, Deloitte assigns each client a trusted partner (the highest rank), who in turn creates a team of resources together with a reference manager. Teams work both vertically, reporting and sharing information between managers and subordinates, and horizontally, promoting communication within the team.

The flexibility of working hours must however ensure continuous operation for the time slot in which its customers are active, so employees can choose when and where to work, always respecting the 9-18 hours framework.

Analyzing Deloitte's position through Andy Lake's Smart Working Maturity Model, the company is in the last step of the framework, as it has successfully implemented smart practices, integrating them into the corporate culture.