

Workforce Management

Caught in the
hybrid cul-de-sac



ARMSTRONG WOLFE™

The honeymoon period for hybrid working is over, the hopes of a new epoch in working practices has hairline cracks, and companies that embraced this new dawn are facing difficult decisions.

It is too simplistic to draw a line mid-Atlantic to define where banking and asset managers position themselves on workplace policies; those west of it steadfastly committed to staff being in the office, those east of it embracing hybrid working models.

American banks have largely remained committed from the outset of the pandemic to an all back in the office mantra, with Goldman Sachs and JP Morgan Chase CEOs David Solomon and Jamie Dimon commenting that working from home is an 'aberration' and 'doesn't work' respectively. Wells Fargo, Morgan Stanley and Bank of America's policies are in line with JP Morgan and Goldman Sachs. Citi is a lone star in the US amongst the bulge bracket banking community, with its CEO Jane Fraser, choosing to differentiate Citi by adopting a variant of hybrid working. Elsewhere in the Americas and north of the US border the Canadian banking community appears committed to hybrid working.

The concerns that adopting a hard-line to return to work would make you uncompetitive in the market for talent do not appear to have come into being. Certainly, there has been some attrition, where lifestyle choices have been made, but workplace optionality as a differentiator has not created the tsunami of on-going resignations many expected.

In Europe a more egalitarian approach has been adopted, with hybrid manifesting itself in significant flexibility in working patterns. The adoption of the principle that all staff deserve the right and equality in options and/or preferences for a working schedule play to a narrative that the norms in society have changed, accelerated by the pandemic. A return to pre-Covid practices would be received as being retrospective and tone-deaf.



Even before the end of the pandemic many of the European banks were heralding a new era in workplace practices, embracing the concept of hybrid working as an immovable cornerstone of the future of working. There was some logic behind this positioning as the workforce had proven beyond any reasonable doubt that they could be trusted to work effectively at home, that productivity was maintained, and employee satisfaction had risen. Not to offer hybrid was portrayed as being an outlier, representing a leadership culture stuck in the past, viewing the world through a luddite lens.

Herein is the rub, such innovation is automatically determined as being better than the present, superseding the practice of the past, where the workforce gathered as if a congregation in the office. With the advancement of technology many believe hybrid working was inevitable, with the pandemic being a proof of concept that accelerated this inevitability. Any such assumption appears to have underestimated the human dynamic, misunderstanding the value of direct interaction and connectivity, missing the point that humans as a species are social. We do not just thrive on social interaction, but the science states it is a basic human need, just like food and water.

The problem is that this message does not translate into policy making and a directive that staff must be in the office. Without being able to evidence the benefit, articulate it clearly enough for staff to understand and embrace it, you are left with intuition as your guiding star. 'I can't place my finger on the why, but we all know, I feel intuitively, that it is simply beneficial for the business and all within it to co-occupy the same space, to be in the office' a regional COO stated when asked how best to motivate staff to voluntarily migrate back into the office.

This subject is feeding debate, where opinions and thought and perspectives vary considerably. "It is hard to see how you can argue that you can maintain or even enhance cultural cohesiveness with a dislocated at-home workforce" a US asset management COO noted, adding: "It is not the potential benefit of reduced real estate costs or the trap we have fallen into by eroding the balance of authority between employer and employee with ambiguous policies and choices, that are the driver or the problem. Clear communication regarding consequences for failure to attend the office as expected or have as expected, or promised, is the shortcoming of leadership, which has manifested itself as a deepening issue and challenge for the industry."

A global chief of staff to a Markets CEO held a different perspective "The simplest approach would be to reference the employment contracts and place of work to bring all back to the office, but that would resolve one issue whilst most likely creating another, a burgeoning level of discontent. What no-one has got right as far as I can see, is defining the benefit, the why by choice and preference someone would come back to the office, feel compelled to do so, does so without question. Until we resolve this riddle, this issue will be resident for all banks and companies in the sector regardless of the policies they have adopted."

“The simplest approach would be to reference the employment contracts and place of work to bring all back to the office...”

Drawn from the on-going dialogue Armstrong Wolfe enjoys with COOs worldwide through the International COO Community (iCOOC), concerns and frustrations are surfacing for those using a hybrid model. These concerns are becoming more defined and heightened as time passes. Those that have not acknowledged this emerging narrative would be best to do so, even in the case they feel their hybrid model is settled.

It is not, however, the wholesale unwinding of the hybrid model that some are seeking, nor reversing in entirety out of the cul –de-sac many have found themselves, but how best to place themselves on a footing where the balance is clearly weighted towards being in the office. A position where it is less about choice and more about unambiguous policy making, and where the consequences for non-adherence to such policies are communicated and expedited when required.

Advocates for hybrid working anchor their backing as follows:

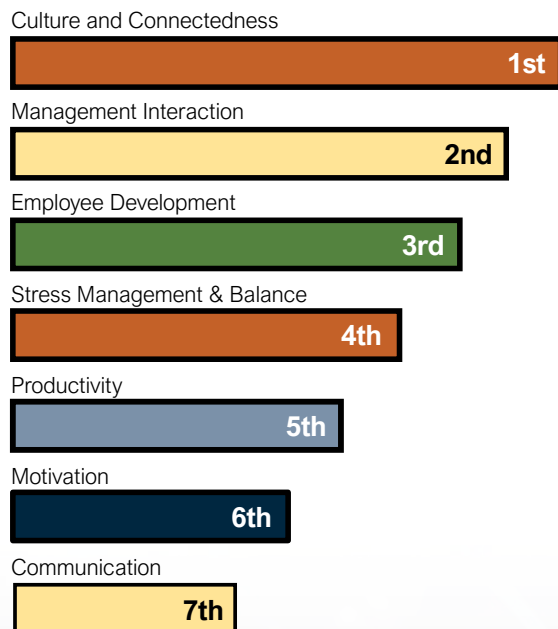
- » Promotes a culture noted for supporting your people
- » Leads to happy, engaged, and motivated employees
- » Improves company culture and loyalty
- » Delivers more efficient workplaces
- » Lower operational costs

Detractors note emerging concerns:

- » Impacts development of junior/all staff
- » Erodes the benefit of spontaneity and connectivity
- » Makes collaboration with remote employees hard
- » Less direct oversight of employee welfare
- » Not applicable for all roles, creating an ‘us and them’ culture

At a series of COO forums run in the US, UK and APAC, such observations were put to the attendees representing 32 member banks:

How do you rank the following concerns regarding hybrid working?



The question is, therefore, what steps can be taken to address this emerging issue?

For the American banks with no or notional hybrid optionality, they can monitor internal staff morale, while adopting a wait-and-see approach as the rest of the industry grapples with hybrid working patterns. Those operating within a hybrid model can expect a varied response, some questioning the need for introspective thought and action, satisfied with the status quo, but for some, action will be needed to address cultural erosion and falling productivity.

This action will require courage and will need to be definitive, with staff failing to adhere to these changes accepting a consequence.

Whilst this process unravels, the industry will continue to look for the answer to securing employee engagement; conceding intuition as a barometer for staff commitment and purpose has a limited lifespan. To meet this challenge, business heads will need to look more earnestly at the level of investment in qualitative aspects of staff development and management.

This mosaic is not easily married, but ultimately someone or some company will do so, and this will place them at the front of innovation within staffing.



Securing a commercial return from qualitative investment

Armstrong Wolfe will be hosting an Online Forum on the topic of Hybrid Workforce Management.

This will take place on 13th July 2023 14:00 - 15:15 BST/ 09:00-10:15 New York Time

[Register here](#)

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