North America - EMEA Symposium

Management challenges within hybrid working

23rd June 2023

Audience: 52 directors and managing directors from 32 buy and sell side **iCOOC member firms** with a 6 country participation

ARMSTRONG WOLFE™

Hybrid working has become the pyramidal battleground between the authority of the company to define its working patterns and the right of the individual to select their own.

Having let the genie out of the bottle, getting it back in is proving challenging.

This point of tension rests upon an understandable, although some would say aged corporate view, that the pyramid of responsibility is client first, company second, team third and self, last. The outcome of this structure is to meet and exceed client expectations. With the pandemic and its legacy being a WFH and office cocktail, this structural premise is being tested, with 'self' becoming defined as a right to choose where to work for many, with others see this premise as selfish as opposed to selfless.

Some banks and a limited number of asset managers have been unwavering in their policy relating to the office being the sole place of work (or demonstrably so). In these companies there are, despite company messaging, levels of rumbling discontent.

Many employees feel unfairly treated against their industry peers, who enjoy the perceived benefits of a flexible working pattern. For some this translates into a lack of trust further nurturing a view that their employer has failed to evolve with recent times.

Some companies are simply willing to accept turnover to retain the integrity of their working policies, where those not happily complying with these policies being let go without a fight to retain them upon resignation, where the working pattern is cited as a push factor.

Conversely at the other end of the spectrum, there are those with significant flexibility who similarly question or do not adhere to company policies that require, request, or attest to an agreed office-WFH balance.

Within this debate some of the biggest challenges to hybrid working are seen as culture and connectedness, communication, productivity, motivation, stress management and balance. Some of its principal benefits are noted as lower operational costs, happier staff, a more efficient workplace, and many argue enhanced employee engagement and an improved culture. The last two points of engagement and culture are simultaneously noted as apprehensions for those raising mid to long term concerns relating to hybrid working.

We are at the cusp of change where hybrid does not necessarily equal agility and steadfast policy making does not necessarily serve the interest of all, including the client. This debate is far from being settled.

Maurice Evlyn-Bufton
CEO
Armstrong Wolfe

The hybrid pyramidal battle ground.
The interests of the client, company and team verses the rights of the individual employee

1. Client

2. Company

3. Team
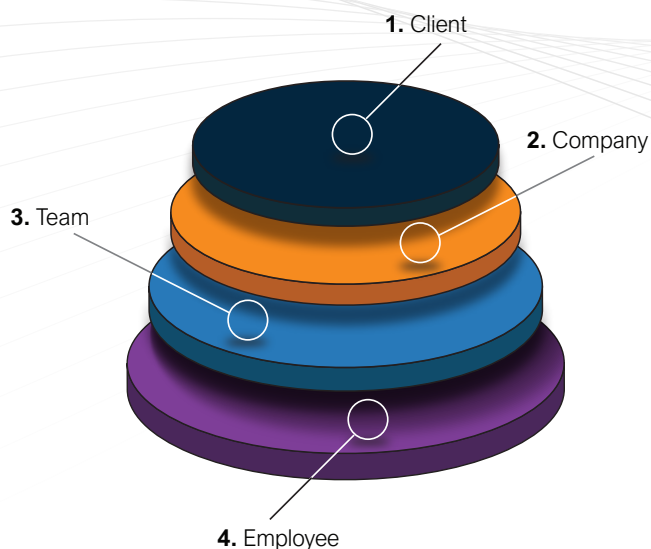
4. Employee

The workplace is currently experiencing significant changes, especially in the financial services sector.

These changes are posing various challenges to organisations and impacting their employees in significant ways. Upskilling and reskilling have become essential in order to adapt to these challenges, and the pace at which these skills need to be developed is relentless.

Culture remains a significant concern for many organisations. They are striving to find ways to embed the hybrid working model effectively and entice employees back to the workplace. Retention is also a growing concern, especially with critical skillsets experiencing a trend known as "the great resignation."

The role of line managers has evolved, and organisations are redefining what it means to be a line manager in the current landscape. People analytics, metrics, workforce planning, and upskilling have all gained importance as organisations strive to make informed decisions about the active management of their employees.

Hybrid working, which is one of the central new elements to arise in the wake of the pandemic, presents a delicate balance. While remote work offers flexibility, there are tangible benefits to being in the office, particularly for activities like peer-to-peer exchange, which is crucial for certain roles, such as those on the trading floor.

The relationship between employees and employers has shifted, especially where it concerns organisational accountability. Creating accountability in a fragmented format is challenging and requires authenticity and adaptability from leadership.

Traditional leadership elements, such as tone from the top, still play a role, but motivating, reskilling, attracting, and retaining employees now require different approaches and considerable adaptability from line managers.

Both junior employees and leaders often prioritise their individual preferences, necessitating the finding of a good working balance as the shift toward hybrid working continues.

The rapid development of tools and technologies initially led to a knee-jerk reaction to adopt change and embrace remote work during the COVID-19 pandemic. However, organisations are now experiencing some backtracking as they seek the right balance for their specific contexts. While individuals may be productive when working from home, building productive teams often requires face-to-face interaction and the development of trust.

Building resilient teams becomes challenging when they have limited opportunities for in-person interaction. Working from home allows individuals to focus on tasks, but it may not foster the team dynamics necessary to react well under pressure and absorb stress.

Resilience becomes crucial, and the work-from-home phenomenon, driven by social changes following the pandemic, raises questions about whether the team or the individual has primacy. Currently, the individual often takes precedence, with little consideration for the long-term effects of these working practices.

Organisations have struggled to find a model that maintains cohesion, prevents poor retention rates, and avoids people leaving. Training leadership teams in HR and team building may help mitigate some of these challenges.

As face-to-face interactions and informal conversations decrease, it becomes more important to clarify roles, expectations, team dynamics, constraints, and pitfalls, particularly for more senior roles.

Cultural cohesion and purpose within teams, as well as maximising productivity and performance in a work-from-home environment, pose significant challenges. Digital communication allows for faster information exchange, but preserving team culture remains a challenge in a hybrid environment.

Organisations must devise strategies to leverage the benefits of both remote and in-person work without neglecting team dynamics and culture.

Hybrid working elicits strong opinions from individuals, making it difficult to change minds as there is no definitive right answer. Managers must be physically available to their teams to serve as sounding boards, which becomes challenging when they are not in the same space. Proximity bias can lead to preferential treatment for individuals who have good proximity to management, and managing this bias is more difficult in remote settings.

Measuring productivity, especially for roles without simple key performance indicators (KPIs), becomes complex.

In addition, New starters face challenges in gaining experience without direct contact with others, which can be overwhelming. Younger team members may prefer working in the office due to the social interactions and potential benefits for mental health, highlighting that the preference for remote or in-person work is not solely based on generational factors. Understanding what works well for specific roles and individuals is essential.

Line managers must trust their teams to work effectively from home, which requires a deep level of trust and understanding. It is key to strive to understand employees' personal preferences and be sensitive to them while making decisions.

Considering the balance between the client, the team, the organisation, and the individual is crucial for organisations in managing the power dynamics inherent in hybrid working arrangements.

Traditional leadership elements, such as tone from the top, still play a role

Meena Anand
CEO and Founder
The Careers Company

Max Spoto
Group COO
TP ICAP

Rowen

Chitter-chatter

The following views expressed in the chat facility clearly show the variance in opinions

Participant 1:

Exhaustion is the biggest challenge. People are overworked and tired.

Participant 2:

Do you think that hybrid working adds to the problem of exhaustion because there is no clear divide between work and home? So work can bleed into home life and some domestic tasks that might have been compartmentalised (or perhaps not done) now get melded into a big working mix of home work and company work? Or is it something else?

Participant 3:

I think exhaustion is an issue the "always on" culture feels part of the norm now, recognising and being clear with your own personal boundaries is so important to articulate.

Participant 1:

Yes that's part of it. Organisations seem to think that it is a transaction; "I'll let you WFH but you have to work harder to earn it"

Participant 2:

There are radically different views on the pros and cons of WFH vs. the office - and that combined with different people either really wanting to WFH or much preferring to go into the office causes real tension.

Participant 4:

Totally is! WFH can be great IF that works for you, if it doesn't it can be soul destroying. The challenge is managing around both those views In the same team.

Participant 1:

Old style Management has to change. You don't need to see people, or talk to them in person to be successful or improve engagement and productivity. That is not how you develop your direct reports or your team. Give your team the tools that they need to be successful and that does not involve seeing each other in person.

Participant 5:

I haven't physically met a direct manager in the better part of a decade and the lack of physical proximity has never precluded my ability to perform. We need to focus on communication as key but not physically location. However, it does require more advanced communications to create the similar depth of relationships that come so much faster in person.

We also need to recognise what population finds more value in WFH. In my experience, this better accommodates my working mums who still today bear the larger share of home and child care in addition to their full time job.

Participant 4:

We all have to work with remote team members when we are part of a global team. There are ways of recreating water cooler moments when not in the same office. I agree with the comment above that the view that working from home is really restrictive is old style management.

Participant 6:

How do you shift the emphasis to what works best for the team first, the company first, not the individual?

Participant 5:

There are roles/people that suffer from the open plan set up as the noise and distraction distract from the focus required to complete certain task. Do we need a variety of working environments in the office?

Participant 2:

'Old style Management' Tools are very important and we need to keep them.

Participant 7:

Leadership at the top of the house need to provide a consistent message. HR Policies are set requiring minimum days in the office, yet there is no consistent enforcement across business lines/functions and regions and cities.

Participant 8:

But if we don't push for the change that should happen to build an inclusive environment then we will never change. If you always do as you've always done as they say.

Participant 4:

Good managers communicate purpose, they will also share their thoughts and listen to their team on what tasks are best suited to WFH or in the office. If this is done in an empathetic and constructive way, I strongly believe that people will do the right thing.

Participant 5:

I find manager resistance to WFH comes from the fact it requires them to actually manage more and engage more authentically, whereas physical proximity allows us to leverage face time as a social pressure plus an authoritarian presence to induce productivity.

Participant 9:

I feel either, set the policy and enforce it consistently or drop the noise and let managers manage their own teams.

Participant 8:

I think that we need to invest in training for managers in managing hybrid teams. I also believe that new joiners should be prepared to spend more time in the office while establishing their key relationships. The reality is that many of the younger workforce have very clear expectations of being able to work from home, the world has changed and we have to be prepared to adapt.

Participant 6:

How does hybrid differ from managing global teams for which no two people are in the same office?

Participant 2:

Really good question. In my mind they are similar. You could even say we have better tools to manage those teams. Is it about the shift in jobs and specialised roles as previously outlined.

Participant 6:

How does all the above reflect? Can it be layered onto the impact on new people entering the industry or work? Can you honestly say that they do not benefit in their development in these very important formative years from on-going and continuous, frequent face to face connectivity?

Many argue as humans we thrive on direct contact, connectivity, chemistry: as a race humans we are tribal and not solitary. Is it not the responsibility of the leadership and management of today to think about those entering the industry or their company and what they need, as opposed to self. Is this not about purpose and culture, not policy of tools?

Participant 7:

Yes, you absolutely do need to work harder now to be seen and build credibility. This is partially because we are in the managerial transition phase. Fast forward 10 years and we may find remote engagement is more normalised with managers being less inclined towards proximity bias.

Once you do finally build that credibility the inclined slope of effort levels off (although it would have taken you longer to get there then your closer-placed colleagues).

Participant 4:

I completely agree with the unconscious bias around proximity. Interested to know how many firms have considered both unconscious bias training targeted on proximity of the manager or colleagues to the individual and also training on how to get the right balance and optimise hybrid working to help both team members and managers. It would benefit both global and regional teams and hybrid workers.

Participant 9:

Some very entrenched positions here. I think there is something about understanding peoples preferred working style and rhythm and finding a route that works for the majority and respects each others needs?

Participant 3:

This comes back to the comment that we must select as best fits person and situation. For my incoming graduates we start them on a higher 'in office percentage' but we do not preclude them from some work life balance benefits.

Participant 6:

I would like my team in more, but if a few leave and move to another team, then I am in a position that I cannot get a new open requisition to replace the heads.

Participant 10:

Retention looks like the word that has been voted most. It could perhaps also mean that lack of connection from the individual to the organisation and from the organisation to the individual makes it easier to disengage. A more transactional relationship rather than a long term partnership.

Participant 6:

How is hybrid not more of an issue? This is something that top CEOs have been struggling with for three years and counting?

Considering the balance between the client, the team, the organisation, and the individual is crucial

Survey Results:

**1.** What are the top people challenges your organisation faces in the wake of COVID?

engagement - cross team
return to work reluctance
generational differences   expectations   working from home
return on site   resilience   connectivity   balance   workload   engagement - new joiner
development   trust   mental health
conflicting views   return to office   refusal to return
tracking   retention
in office presence   morale   flexibility   culture   attrition   engagement
motivation   diversity   commitment   accountability   teamwork
power balance   cost of personal tech   leadership
meritocracy is lost
number of days required
too many online meetings

2. How far is the implementation of Hybrid Working an issue in your Organisation?

1 a minor issue, **10** being very serious

Strongly disagree

4.3

Strongly agree

3. Does working from home more than half the time have a detrimental impact on career advancement?

- 30% — Yes
- 25% — No
- 10% — It shouldn't but it does
- 35% — Don't know
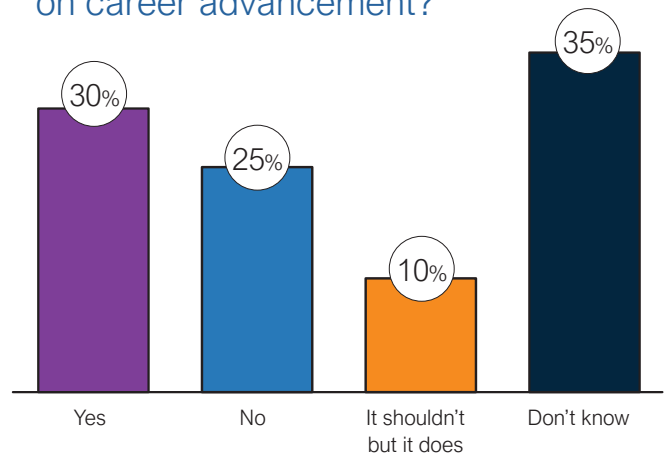
4. What is the right balance of WFO for highly specialised sole contributors?

- 0 — Zero
- 60% — Same as other workers
- 40% — Should be up to the individual
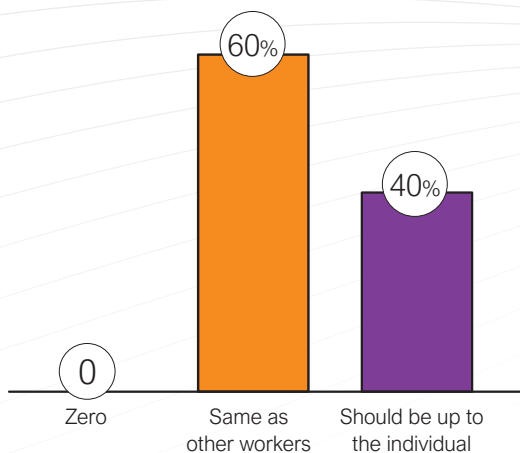
5. Do we have the right tools yet to ensure people get the best out of both working environments - WFO and WFH?

- 30% — Yes
- 30% — No
- 40% — Improving but could be better
- 0 — Don't know
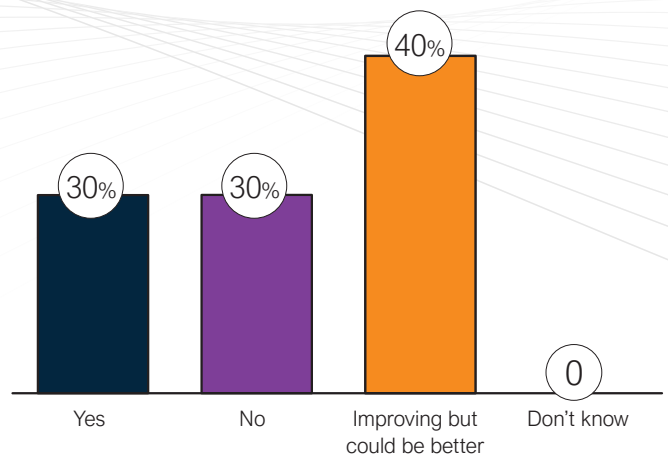
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