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Executive Brief

Flexibility or Flight:

Hybrid Strategies to Attract and Retain Talent

INTRODUCTION

Flexibility or Flight:

Hybrid Strategies to Attract and Retain Talent



In late 2021, the Institute for Corporate Productivity (i4cp) conducted a survey exploring current practices in hybrid work as a follow-up to the popular *From Cube to Cloud: The Next Era of Work* study, which was an investigation of the best and **next practices** related to the pandemic-induced transition from office or other worksite to working remotely.

At the time *From Cube to Cloud* was published (April 2021), the common assumption was that those who had been working remotely for a year or more would soon return to the office or company worksite. Headlines such as “‘Very strong degree of normality’ likely by year’s end” (Powell, 2021) and “States with springtime COVID-19 surges appear to have turned a corner” (Joseph, 2021) reinforced the idea that things would get back to normal (pre-pandemic) soon.

Then the Delta wave strengthened and soon after the Omicron variant emerged.

The plans organizations developed (and redeveloped) for a return to the office or the worksite once again required adjustment. For some employers that had already returned to pre-pandemic work arrangements, it meant backtracking on previous announcements. Goldman Sachs Group, which reopened its offices to employees in June 2021, reversed course just a few months later (Kim, 2021). Wells Fargo & Co., which delayed 2021 return to the office dates twice, had planned to open its offices in January 2022, but postponed those plans indefinitely when Omicron surged (Levitt, 2021).



For more insights, see i4cp's *From Cube to Cloud: The Next Era of Work*

NEXT PRACTICE DEFINITION

A **next practice** is defined by i4cp as one that analysis shows strong positive correlation to bottom-line business impact, but is not yet widely in practice.

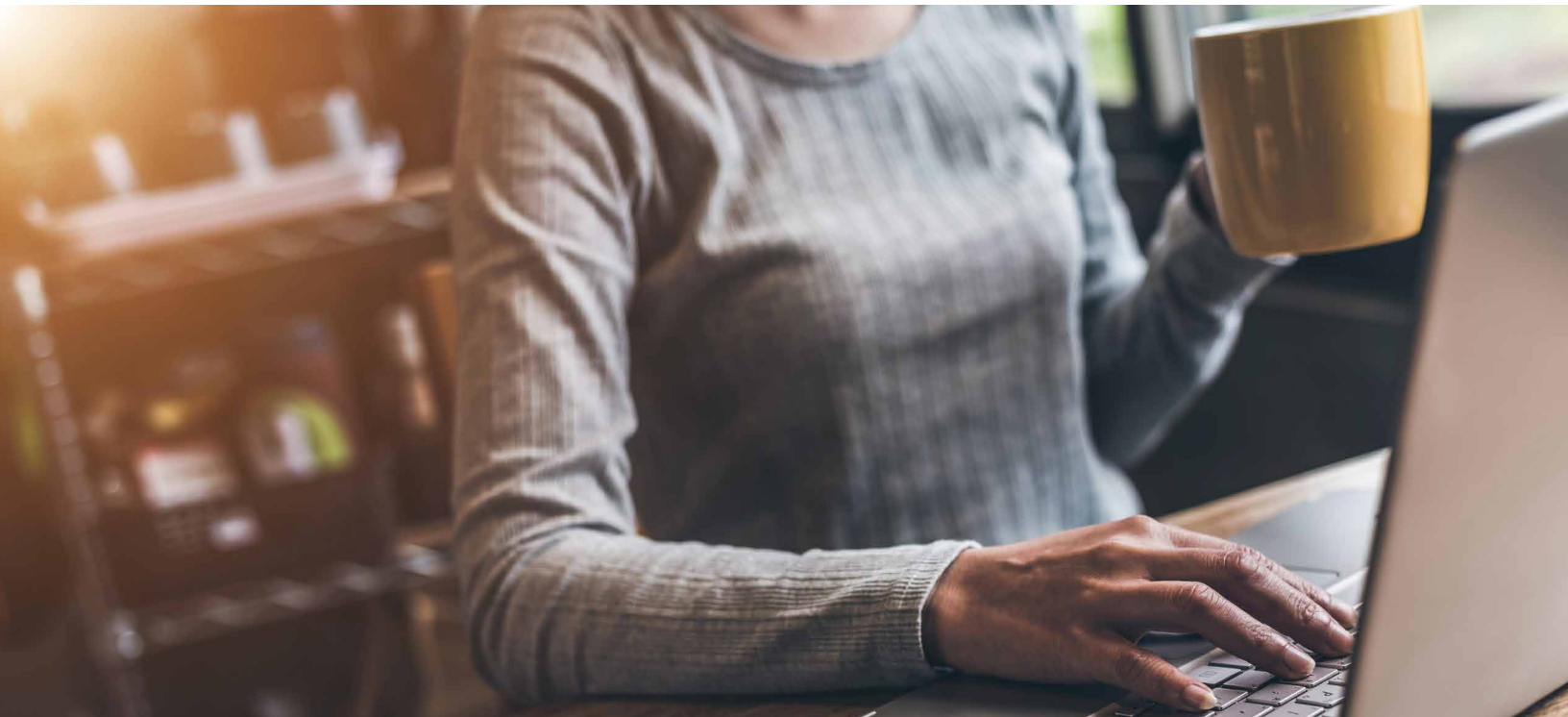
The so-called great resignation is a reality for many companies in the U.S., with other countries experiencing a similar phenomenon.

Through all of this, a large contingent of workers has become increasingly comfortable working from anywhere *but* the office. Workers worldwide rearranged their lives more permanently, and mindsets shifted from asking “when will I be called back to the office?” to declaring “if I’m called back to the office, I will quit.”

Concern about post-pandemic talent loss has come to fruition. The so-called great resignation is a reality for many companies in the U.S., where attrition rates reached an all-time high at the end of 2021, with other countries experiencing a similar phenomenon.

This study revisits issues i4cp has researched in the past two years, fielding a survey in Q4 of 2021 to examine the complexities of how to best approach new ways of working. These questions reflect the many dilemmas leaders grapple with:

- **Should we require employees to work in the office, and if so, should we mandate a set number of in-office days or hours per week?**
- **How do we preserve community and connection among our employees if we’ve transitioned everyone to permanently work remote?**
- **How will newer employees experience our culture if they aren’t in the office?**
- **How will managers effectively manage if they don’t interact with their team members face-to-face—at least some of the time?**
- **How can we ensure that our employees aren’t getting burned out?**



These, and related issues are tackled in this latest study, *Flexibility or Flight: Hybrid Strategies to Attract and Retain Talent*. The following key findings highlight what our research found.

Key findings:

1. High-performance hybrid requires flexibility—not rigidity

Getting hybrid work right hinges on a single word: flexibility. Well over half (60%) of the 595 survey respondents representing large organizations (those employing >1,000 people) began offering formalized hybrid or remote work options for the first time with the onset of the pandemic, meaning that this approach and concept was new to most. Figuring out how to return to the office is also new. Many organizations have created formal hybrid arrangement policies that ask employees to be on-site for a set number of days or for specific hours each week.

However, a significant finding of this study—one that may be scary for many—is that there isn't a strong business case for all forms of hybrid work. In fact, there is a strong business case *against* hybrid work if its structure is rigid.

Our analysis found that implementation of hybrid work policies that dictate defined in-office or on-site days or hours show negative correlation to performance. The negative impacts strike at the core of critical talent metrics: ability to attract top talent, rate of employee turnover, overall employee engagement, and whether employees and prospective employees view the organization as a good place to work (employer brand). What workers want is true flexibility—the ability to work when and where it suits them best rather than on prescribed days or times or both during the week.

2. On-site workers need flexibility too

While the focus of many organizations during the past two years has been on the transition of working from an office to more flexible work arrangements, less attention has been given to those whose work requires them to be on-site. This study reinforced what most on-site workers already know—providing flexibility to them is important too. This can come in the forms of shift swapping, flexible hours, and job rotations, among other strategies to provide on-site workers more options than they've typically enjoyed.

Our analysis of the data found that organizations that fail to offer flexibility to on-site workers face strong negative impact on performance as well as the health of the culture, and readiness for change. Creating and sustaining a culture in which connection and collaboration thrive should be a priority. So too should tracking and addressing issues such as collaborative overload, and identifying and quickly modifying activities (when appropriate) that cannot be effectively performed remotely.

The percentage of organizations offering first-time hybrid or remote work options during the pandemic varied by global region:

Southeast Asia
70%

United States
62%

Canada
58%

European Union
53%

Organizations with 1,000+ employees. Source: i4cp.

MARKET PERFORMANCE INDEX (MPI)[®] DEFINITION

This i4cp index defines high-performance organizations based on self-reported multi-year performance in revenue growth, profitability, market share and customer satisfaction.

Dedicated resources are increasingly being deployed to ensure that hybrid work is effective and efficient, as evidenced by the emergence of the job role *head of remote work*.

What is clear is that workers want voice and choice—they want to be heard and they want to co-create their work experience.

3. Success with truly flexible work requires planning and targeted effort

For success with truly flexible work, it is imperative that organizations carefully plan and execute on all aspects of the talent lifecycle with flexibility in mind. This means rethinking how to recruit, onboard, develop, and promote talent as well as how to effectively connect employees to each other and to leadership.

Dedicated resources are being created and/or deployed to ensure that hybrid work is effective and efficient, as evidenced by the emergence of the role head of remote work or similar variations. Other resources include investment in technology, so that employees have what they need to do their best work, creating plenty of opportunities for connection and collaboration, and training for managers on effective leadership of distributed/hybrid teams.

4. “Because the CEO said so” is not a sound reason to return to the office

Too often CEOs determine return-to-office strategies in a vacuum without considering what employees want and need. As we noted in *From Cube to Cloud: The Next Era of Work*, leaders should give thoughtful consideration to the sentiment of their employee base before making sweeping decisions about work models. For those organizations that have gathered employee input, the message is clear: workers want flexibility. Setting policy that requires everyone to adhere to rigid rules regarding work arrangements is one thing—employees choosing to seek opportunities elsewhere as a result is another. In fact, considering employee preference was a major criterion for determining on-site work guidelines among high-performance organizations, and a next practice in the From Cube to Cloud research (i4cp, 2021).

Employee listening should include gathering feedback about where employees work, whether or when they work in the office, as well as what type of work they do. It also includes how office space, if retained, should be used. Rather than relying solely on what the CEO wants, putting listening strategies in place is more important now than ever before. What is clear is that workers want voice and choice—they want to be heard and they want to co-create their work experience.

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