

Handling Hybrid?

Understanding the challenges and opportunities presented by hybrid working



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Introduction: Accelerating the inevitable?

Hybrid working is a form of flexible working that enables employees to split their time between attending the workplace and working remotely. This includes operating from home or from a shared, flexible workspace, typically based around the tasks they need to perform.



This model was already starting to emerge to some extent before the COVID-19 pandemic due to growing workforce demands for more flexibility and a better work-life balance, with all of the health, wellbeing and productivity benefits they afford. But while a hybrid working approach may not be a new phenomenon for at least some organisations, adoption is expected to accelerate significantly post-lockdown across both the UK and Ireland.

Even though hybrid working may not be entirely novel, it still constitutes a major shift from either pre-pandemic, office-based norms, or the remote working models of lockdown. The fact that it conflates both ways of working inevitably presents new people-related, operational, and technological challenges for HR teams and their wider organisations.

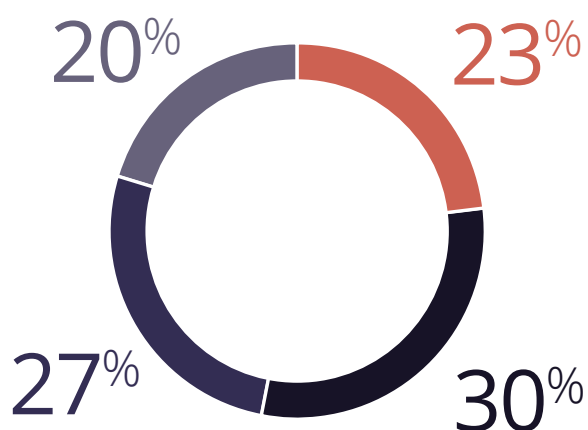
Many organisations are also seeking to learn lessons from the sudden shift to hybrid and remote working they were forced to make during lockdown, which exposed inherent flaws in the way they operate. As a result, the increased shift to this way of working could be seen as running in parallel with increased levels of digitalisation.

About this report

The aims of this report are to understand:

- How effectively employers have adapted to hybrid working so far
- The challenges they have faced in going down this route
- The strategies they are deploying to support their employees and enhance their organisations

It is based on the input of 400 HR professionals from across the UK and Ireland to a survey conducted in May 2021.

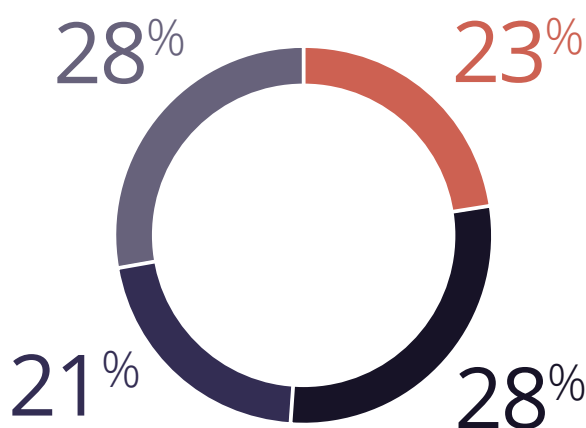


How would you describe your seniority within your organisation?

- Intermediate level
- Mid level
- Senior level
- Executive level

Roughly how many staff are there in your organisation?

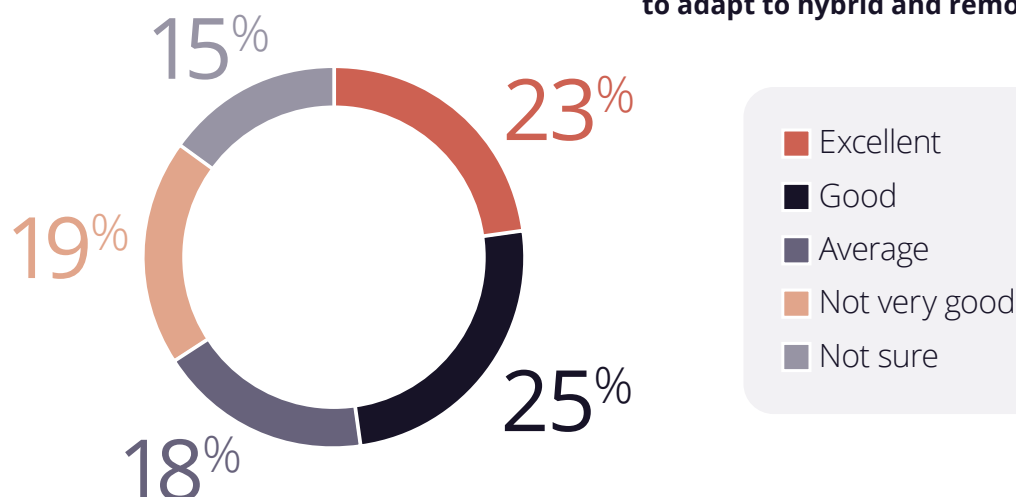
- 10-99
- 100-499
- 500-999
- 1,000 +



Learning to adapt to hybrid working

Despite the speed with which HR departments had to implement and support remote working at scale during the pandemic, just over half of those questioned (48%) felt they had done either a 'good' or 'excellent' job, compared with just over a third (37%) who rated their performance as either 'average' or 'not very good'.

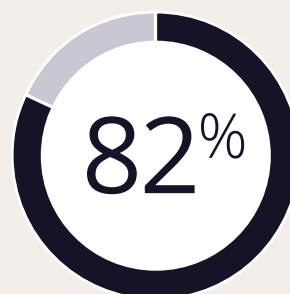
How would you describe your organisation's ability to adapt to hybrid and remote working so far?



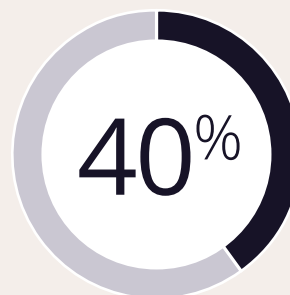
This situation was presumably helped by the fact that 75% had embraced hybrid working in some capacity before COVID-19 struck, with around a third having done so either 'completely' or 'mostly'.

Put another way, such findings would appear to indicate that the market had started to move in this direction pre-pandemic, which in itself suggests that at least some suitable processes and technology were already in place to support it.

But the formal implementation of the hybrid working model seems likely to increase even further over the next 12 to 18 months. Some 82% of survey respondents said they expected to have gone down this route to at least some extent by then, with 40% either 'completely' or 'mostly' adopting hybrid working.



of organisations expect to implement hybrid working to some extent over the next 12 to 18 months



will have 'completely' or 'mostly' adopted hybrid working

The number preferring to be 'completely' or 'mostly' office-based is also anticipated to drop by 10 percentage points from pre-COVID times to 39% over the next year to year-and-a-half.

In other words, employers will need to start exploring the implications of hybrid working sooner rather than later, whether that means diving in for the first time with all the likely challenges that implies, or further refining their existing practices and fixing specific issues.



While there is still some degree of ambivalence and uncertainty about hybrid working, particularly while the future course of the pandemic remains unclear, one thing is certain: organisations must be flexible, adaptable and resilient in order to deal with every eventuality.

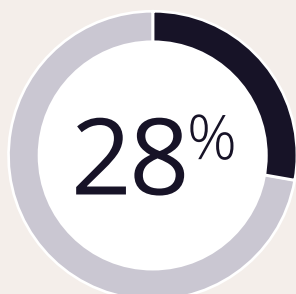
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Addressing technology and people challenges

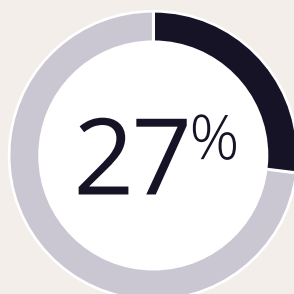
The key challenges faced by HR departments in having to adapt to a new set of circumstances can be placed into two key categories: technology and people.

The critical role of technology

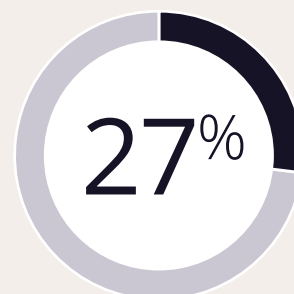
According to HR professionals, the top three technology challenges created by the shift to hybrid working are:



Reduced or limited access to, and use of, essential payroll and HR systems



Increased expenditure as a result of rolling out technology to support hybrid workers

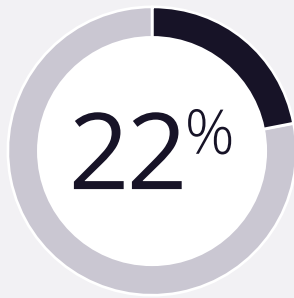


Difficulties in measuring and reporting employees' time and attendance

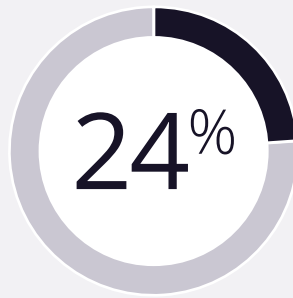
A key reason why some organisations faced difficulties in accessing their systems during lockdown was because they had not taken a cloud-first approach. Horror stories abounded of payroll professionals struggling to pay their workforces on time as a result of being unable to work with inflexible, on-premise systems. In addition, HR teams and people managers faced similar difficulties in trying to get hold of employee data, including that related to time and attendance.

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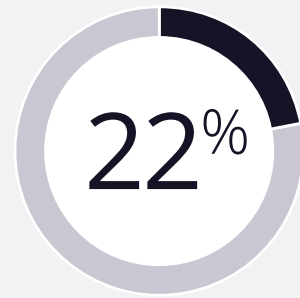
Unsurprisingly then, the research showed that just over one in five (22%) HR professionals found working remotely a challenging experience. Just under a quarter (24%) said they had seen an overall drop in the efficiency and cost-effectiveness of their processes, with just over one in five (22%) indicating they were now under more pressure from the board to accelerate the speed at which they delivered digital transformation initiatives.



Found working remotely a challenging experience



Have experienced a drop in process efficiency and cost-effectiveness



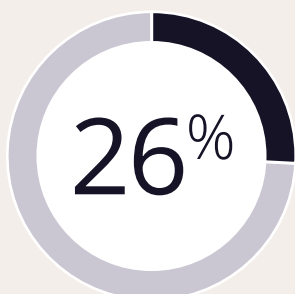
Are under more pressure to deliver digital transformation projects



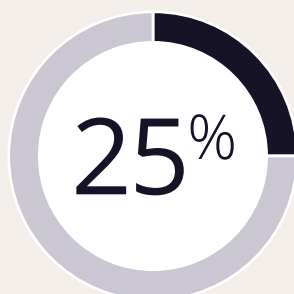
But the situation was also not helped by staff on the whole being inadequately equipped with the tools required to work effectively from home (cited by 45%). The fact that it was necessary to roll out new technology quickly in order to enable remote working at the start of the pandemic likewise created its own challenges, which included ensuring data security tools and protocols were up to scratch (25%).

Protecting and engaging people

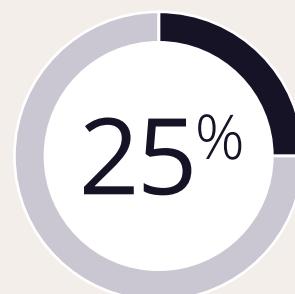
Per the survey, the top three people challenges that have emerged as a result of hybrid working are:



Increased threat to employees' physical and mental wellbeing



Understanding how employment and tax regulations apply to hybrid workers



Difficulties with recruiting and onboarding new staff

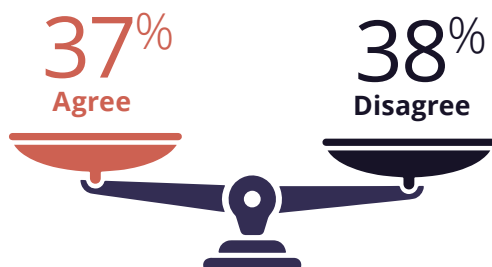
The survey revealed that just under half (46%) of HR professionals were concerned that hybrid and remote working during lockdown had a negative impact on the overall health and wellbeing of employees. But a similar number (42%) also felt it had enabled a better work-life balance.

As for staff productivity and engagement, the verdict on whether this has been damaged or not was evenly split, with two out of five agreeing it had been and the same number disagreeing. This situation could reflect the strength of an individual organisation's culture pre-lockdown, with those companies that put a big emphasis on employee engagement likely to have found it easier to adapt to the new realities. Those that adapted less well could find themselves needing to focus more time and attention on employee experience initiatives in future.



Two out of five HR leaders believe levels of staff productivity and engagement are lower because of the shift to hybrid working

Meanwhile, there is also clearly some uncertainty about how a wider shift to hybrid working could affect tax and employment rules, which includes everything from the health and safety issues surrounding home workers to the impact of the Working Time Regulations. This means many organisations will find it necessary to revisit and re-evaluate their compliance strategies, as well as a number of their employment policies.



We are finding it easier to source and hire new staff



New starters continue to receive a high-quality onboarding experience

The impact on recruitment and onboarding also appears quite mixed, which might reflect the talent requirements of different sectors, as well as the varying effects of the pandemic on employment generally. As such, there was a roughly even split between employers finding it easy or difficult (37% vs. 38%) to source and recruit talent, although both groups (38% vs. 42%) remained confident they could provide a quality onboarding experience for new hires.

Offering a positive onboarding experience has become increasingly important as the world becomes more virtual, particularly in light of the significance of the process in retaining staff over the long-term.

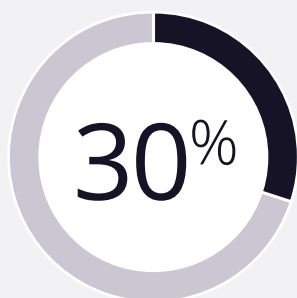
Key strategies for hybrid working

While it is clear that employers' experiences of hybrid working have to date been quite different depending on their size, the sector they operate in, their level of workforce complexity and their digital maturity, most are in the process of introducing strategies to handle a more significant shift towards these working models.

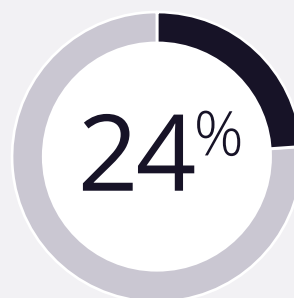
Here are the top three:

Defining and optimising remote, hybrid and flexible work policies

The natural starting point for any employer keen to embrace and optimise an extensive move to a flexible hybrid working model is to update and rewrite their existing policies, which unsurprisingly proved to be the most popular strategy (cited by 30%).



of HR leaders will rewrite or update policies around hybrid working



will seek expert advice and support around the legal implications of these policies

A key aim in doing so is to remove any ambiguity around what each of these terms mean and how such models will affect staff. Moreover, creating policies tailored specifically to different working models can also have a positive impact on staff engagement, hiring and retention rates.

As a result, we should expect some employers to seek expert advice and support around the legal implications of these new policies (cited by 24%) to ensure that full compliance with employment law is maintained.



Focusing investment on employee experience and operational excellence

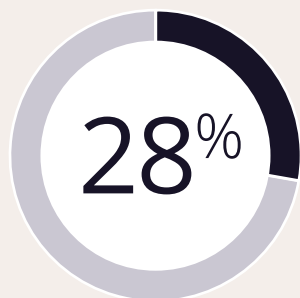
The second most popular response involved introducing new initiatives to enhance the employee experience by making teamwork and collaboration (cited by 29%) more effective and improving staff wellbeing (28%).

Both kinds of projects either have required, or will continue to require, HR departments to invest both time and money. As a result, it is unsurprising that a significant 28% have already outsourced, or plan to outsource, key payroll and HR admin processes to alleviate some of the pressure placed upon internal resources.

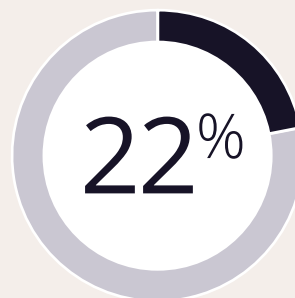
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Another focus was, and will continue to be, introducing technology to enable operational excellence and free up HR professionals' time, thereby enabling them to concentrate on key employee issues, such as health and wellbeing.

In this context, 28% have either accelerated, or expect to accelerate, the implementation of cloud-based HR software, while 22% have increased, or anticipate increasing, expenditure on automation, artificial intelligence, and other emerging technologies. A key aim of this approach is to boost both business and technological resilience so it can cope effectively with any major change in future.



will accelerate the implementation of cloud-based HR software



will increase expenditure on automation, AI, and emerging technologies

Unpinning recruitment from location

The shift to hybrid working will result in just over a quarter of survey respondents (26%) either consolidating or closing office sites. At the same time, a similar number of organisations (25%) said they plan to recruit talent from a wider geographical base than was previously the case.

This move could not only help them cut hiring costs, but also recruit candidates from more diverse, and possibly more international, backgrounds. The main challenge here is to ensure all candidates, and subsequent hires, receive a consistent experience regardless of their location.

A further aim in uncoupling recruitment from location is to be more flexible in terms of the contract types being offered to workers. Doing so makes it easier for employers to hire not just full-time, permanent staff but also more part-time workers and contractors to help alleviate skills shortages.

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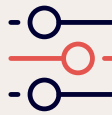
Conclusion

While an immediate shift to hybrid working is unlikely to be universal, these modes of operating are both likely to grow in importance, with uptake depending on key factors, such as company size, sector, culture, and workforce complexity.

But the path to success here will be paved with challenges. Key issues include:



Finding ways to ensure employee wellbeing and engagement



Optimising technology to ensure the overall efficiency, cost-effectiveness, and resilience of HR operations



Developing a positive, collaborative company culture

For those that get it right, there will be a number of opportunities, including:



Embedding more flexibility into their workforces



Gaining access to a wider and richer talent pool



Speeding up the pace of innovation and digital transformation

Above all, the need to adapt to hybrid and remote working will only serve to further highlight and demonstrate the central role that HR is playing, and will continue to play, in the modern business.

To learn how award-winning solutions from Zellis can support your organisation in adapting to hybrid working, call us on **0800 042 0315** or email us at **tellmemore@zellis.com**