

Question

What is the reality on post-covid “Return to Office” policies in North America, and what are the associated impacts on early talent attraction and development.

Introduction/Background

With the receding impact of the COVID-19 pandemic, companies are now urging their employees to transition away from fully remote work by implementing "Return to Office" (RTO) policies. Firms are currently grappling with the complex interplay between policy details and the evolving landscape of work, which is poised to impact their traditional approaches to recruitment, retention, and overall talent management strategies. It is important to note that remote work has not been, nor will be, feasible for many job roles, and these RTO policies predominantly pertain to white-collar, college-educated positions that traditionally work in an office environment.

Post-COVID Return to Office Policies

Discussions of work flexibility and how to incorporate a collaborative work environment that is considerate of employees' schedules, have been the principal focus of research. About 70% of employers are requiring some level of in-person or hybrid work from their employees.¹ And yet, almost half of these employers with in person mandates are now reporting higher levels of employee attrition than anticipated, with a portion of employers also struggling to recruit.² Large companies such as AT&T are anticipating backlash from their in person mandates and according to current employees are using this as a moment to make budget cuts by not openly providing relocation assistance.³ Other companies such as RingCentral have managed to make adaptable hybrid schedules for their employees by implementing 30 required in person days per quarter.⁴ The belief with this system is that it will provide flexibility for employees and yet still keep them accountable to being in person when necessary. This evolving workplace landscape presents a critical moment for businesses to determine the most effective management practices and implementation methods for their organizations, while also considering the desires of their employees (see Appendix, *Graph 1 & 2*).

Impact on Early Talent Attraction and Development

Talent Attraction

An increasingly significant demographic, Gen Z, is joining the workforce as part of companies' early talent strategies. Their entry, juxtaposed with the existing millennial demographic, reveal starkly different work values. Gen Z includes competitive compensation, strong work-life balance, and flexibility in the workplace as some of their non-negotiables.⁵ These young employees are also seeking a fun working environment with a positive team atmosphere that fosters strong interpersonal relationships among colleagues.⁶ Survey results indicate that 75% of Gen Z individuals favor a hybrid or remote working model.⁷ This substantial percentage, along with the finding that 77% of Gen Z employees who currently work in remote or hybrid roles would consider seeking a new job if required to work on-site full-time, underscores the significance of incorporating hybrid work arrangements into their RTO policies.⁸ To attract and retain this early talent pool, employers must adapt their employee value proposition to meet their priorities, particularly in regard to workplace flexibility.

Talent Development

Talent development is a fundamental component of early talent strategies.⁹ Development encompasses both formal and informal knowledge and information transfer that ensures the company has the current and future capabilities to meet strategic objectives.¹⁰ The availability of developmental opportunities is a key factor in retaining high-potential employees.¹¹ Notably, younger high-potential employees are 2.4 times more likely to remain with companies that offer essential development experiences.¹¹

Informal Interaction: Hybrid working models impact the development of early talent primarily through limiting in-person informal interactions with colleagues.¹² To work effectively in a hybrid environment, companies must establish

new norms of communication and information sharing.¹³ Most notably, organizations can prioritize collaborative work during in-office hours to foster informal interactions and learning. Simultaneously, they can facilitate remote interactions and knowledge sharing by utilizing various technologies, including messaging platforms, internal social media, and other digital tools.

Knowledge Capture & Sharing: Hybrid work highlights the need for accessible asynchronous information when employees are working remotely.^{14, 15} Organizations can accomplish this by effectively capturing and disseminating information amongst employees.¹⁶ Knowledge capture involves asking employees to generate content on what they know and do. This includes documenting workflows, standard operating procedures, checklists, and scripts, as well as creating video tutorials, podcasts, and blog posts.¹⁶

Formulating a knowledge sharing strategy and ensuring easy information access is of great importance. Methods of transferring collected knowledge include user-friendly knowledge databases, internal social network platforms, learning management platforms, curated content channels and emails, and artificial intelligence and chatbots.¹⁶ Notably, research has been found that open access is an enabler of asynchronous information flow in dispersed organizations.¹⁷

Virtual Leadership: To support early talent development in a hybrid work environment, organizations should invest in the development of their managers' virtual leadership skills. Only 27% of leaders say they are very effective in leading hybrid and virtual teams¹⁸, indicating a skills gap that could impact early talent development strategies. Employees in hybrid environments were found to be 4.4 times more likely to be engaged when their manager maintained trust, and 2.6 times more engaged when their manager provided them with opportunities for visibility.¹⁸ Virtual leadership behaviors should not be overlooked when adapting a traditional early talent development strategy to a hybrid environment.

Professional Network

An RTO policy, that includes any level of remote work, can impact early talent's ability to build an internal network within their firm. When a group of U.S. college students and graduates were surveyed on what they'd miss if they worked remotely, approx. 74% cited office community, and 41% mentioned mentoring.¹⁹ The value proposition that RTO policies should aim to provide include a vibrant workplace culture that fosters a sense of community and connection by providing development opportunities such as job rotations and high-visibility mentorships.¹⁹

Company Culture

CEOs and CHROs indicate that the top challenge of a remote-work environment is maintaining culture.²⁰ The outcome of rebuilding culture relies on effective leadership and solid talent management.²⁰ The transition back to office is characterized by several challenges to workplace culture. Remote work environments had previously offered flexibility that women generally benefited from because they could more easily balance work and caregiving. Such benefits are dwindling as RTO policies have been implemented, creating an "RTO Gender Gap."²¹ A lack of flexibility in RTO policies can negatively impact women's careers and set back gender diversity progress.²¹ The RTO also creates costs for employees associated with commuting, housing, and dependent care which they have grown accustomed to not bearing. These costs should be considered in refreshing the total rewards package in the era of RTO policies.²¹ Leaders need to communicate transparently and empathetically about their motivations behind RTO policies otherwise the diminishing trust that employees are feeling towards their executives can irreparably damage the culture and deter the employees' willingness to return to work and stay with the company.²¹

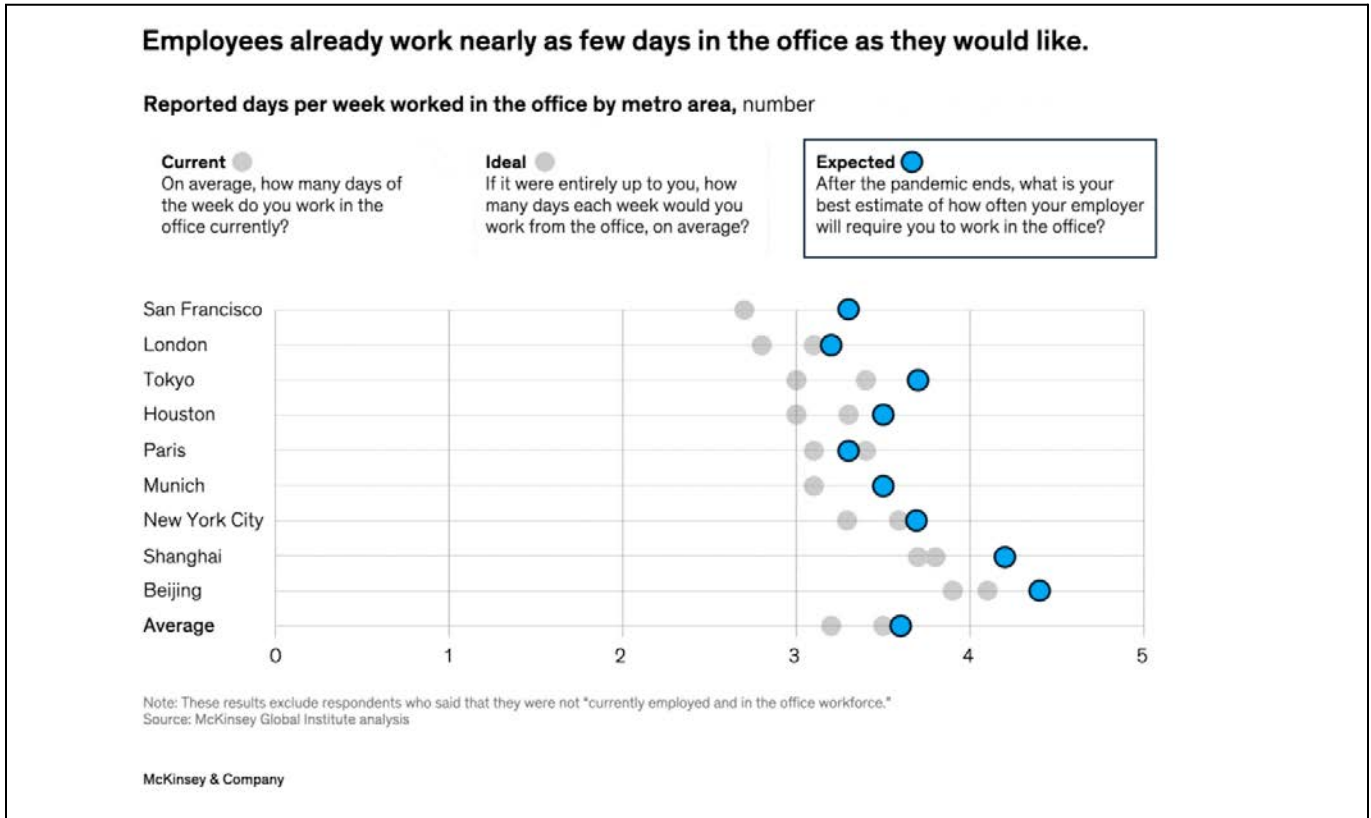
Conclusion

RTO policies are still evolving, but current research shows that they largely include some level of remote work balanced with in-person work, indicating that flexibility and hybrid work are here to stay. This approach helps with early talent acquisition by meeting the expectations of Gen Z. Talent development looks different in a hybrid environment, requiring the use of technology to facilitate informal interactions, new forms of knowledge capture and sharing, and training managers on virtual leadership skills. To maintain culture when implementing RTO policies, the communication from senior leadership about their motivations needs to be empathetic and transparent to create a sense of trust. While RTO policies do have impacts to traditional early talent strategies, elements of those strategies can be adapted to meet the needs of the growing hybrid workforce.

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Graph 1: [Touch and go for RTO?](#) (2023, September 15). McKinsey.



Graph 2: [The Return to Office: Playing Catch-up](#) – QuickLook. (2022). Deloitte.

