

# Work: A New Era

100 Knowledge Workers - Autumn 2022

ARMSTRONG & PARTNERS

## Our Task and Remit:

- Interview 100+ knowledge workers (some twice as the situation changed) in Autumn 2022
- Primarily UK-based, many with regional or international roles
- Ranging from chairs and CEOs, through managers and team leaders, to admins, grads and receptionists
- **Asking:** What's on your mind, what are you seeing and hearing, what are you worried about, what's working?

## Leaders Think:

1. Leaders are on **high alert** and have a lot of questions (more than answers in many cases). They are watching the tangle of issues (politics, Ukraine, Brexit, deglobalisation, inflation/cost of living, energy, environmental concerns) and trying to work out which are causing the most problems within their workplace, industry and wider economy, and whether or not there is any pathway to restoring a semblance of stability.

*"What are other people doing on pay rises, is even 7% enough?  
Should we be distributing it to help the front line as BT has done?  
What about hardship funds, how are others making them work?  
It feels like it's time to confront the need to cut office space. Is that where others are?  
How does this play out over 5-10 years, especially for those starting their careers?"*  
Board member, FMCG.

2. Many leaders have decided it's **time to make difficult decisions**: about office space (cutting it or calling people back), pay rise strategy (some looking at two year deals to manage risk, percentages discussed from about 5% to 15%, mostly coming in around 7% this year according to a pay and benefits expert), pricing (what will the market take?) and hiring (mostly ongoing at this point).

*"He (CEO) is out today liquidating a business unit and making the team redundant."*  
Director, corporate hospitality.

*"It's time to take the decision we've been putting off and let go of office space. They're not coming back."*  
CEO, media.

3. Boards have been holding special meetings to respond to changes in UK government policy. Some decided against pay rises for those on £150k or more as the tax cuts would do it for them, others had planned to move bonuses into the next tax year to get the benefit of the cuts. These policies are now being reviewed again.
4. Energy predictability is a positive but many worried about the impact of increasing mortgage rates on employees.

## Hybrid Settling Not Settled:

5. On working models, there are broadly two camps:

- **The sceptics** who tolerate hybrid for now but are increasingly irritated by wasted office space and loss of culture, innovation and productivity and want employees in the office more.

*"We started with 'you're all grown-ups, come when you need to' but they didn't come in. So, we moved to more than 50% of the time over two weeks, and they still didn't come in. Now we're going to prescribe the pattern and there is talk of sanctions".* Board Member, Consultancy.

- **The adopters** who are comfortable using their working model to attract and keep talent but who are also frequently frustrated.

*"We're wrestling with an 18th century mill-owner mindset. Of course, we want to be agile and flexible. In theory everyone comes in on Wednesdays but in reality, they don't. It's annoying when you spend £30 on the train and three people are in and you spend the day on Zoom. We want to see people grafting a bit."* CMO, trade association

6. **Those driving for more attendance face resistance.** *"The kings want their courts back"* as one Chair put it. And *"The answer from me is no"* says a security expert at high street bank. Those driving four or more days in the office are struggling to attract and keep talent, having to pay for more it and battling low compliance.

*"A recent role required five days in the office a week. We had to contact double the number of people we normally would, and did they get the tip-top list of candidates we would have liked? I'm not sure."* City search firm leader.

*"Our chair wants five days in the office and is pushing for three days now. The CEO said 'no, it's not the right moment.'"* Board member FMCG.

7. A surprising number report **internal psychological conflict** about the correct working model: this sits alongside senior people being more reluctant to come in than was hoped....

*"I REALLY love working only one day a week in the office, it's been the best time my career, but if I were CEO, I would pull everyone in four days with Friday as optional. This isn't sustainable and it's not productive."* Finance director, FMCG.

8. **Hybrid teething problems:** including communications overwhelm, which has largely not been tackled despite getting worse over the pandemic. Tensions are also emerging between those that attend the office more often and want quiet spaces to work and those who come in less often and see it as a social experience. Some are starting to think longer term.

*"We're looking at creating accommodation... we're not using the space for offices and a lot of people have moved further away and need places to stay."* Architect working in public sector.

9. Employees widely report **'initiative-itus' around culture:** Meet and Greet Mondays, Time Out Tuesdays (yoga and meditation), Meeting Free Wednesdays, Thirsty Thursdays and Fish & Chip Fridays.

*"When that focus-time message pops up to tell me to shut down my communications and do deep work, I just delete it".* Banker.

10. An employment lawyer notes an increase in **harassment** cases due to the increase in off-site meeting and away days.

11. **Twentysomethings** are no more likely to want to work a four- or five-day week than anyone else. The group most likely to say they go into the office four or five days a week are

those who live alone. But they dislike having fewer opportunities to catch up with peers and far too much online training (most of which they think is crap).

*"So long as I have the hybrid, max two or three days in the office, and fixed hours I'm cool with everything."* Data manager, marketing.

*"Two days a week in the office suits me fine but a week of online training and no plans to connect with new employees sucks"* Grad, finance.

## Employment Market is Spinning (for now?)

12. The employment market has been **tumultuous**: in terms of pay (wide expectation of 20-25%+ raise to move) and the unlocking of much greater distances between home and work. Key areas (law, digital, marketing, data science) remain hot but even before the fiscal crisis there was evidence of cooling (e.g. in finance).

*"You can still get a job if you want but we're not being bombarded by recruiters like we were six months ago."* Wealth manager.

13. This has created **band compression/title inflation**: In some cases, this is driving up the use of external consultants to get around it.

*"Our budget doesn't get us a senior project manager, so we'll have to get a project manager and call them a senior one despite them having less experience than someone who now is technically junior to them"* Example cited by a pay and rewards expert.

14. As of this week, most **high-level talent remained confident** that new working patterns and pay levels are attainable despite the economic news.

*"I always thought I was so lucky to work in a local agency (near Leeds) so I could walk to work and drop kids at school but I've been looking at three roles where I'd be in London and get paid more and do more interesting work. The one I've chosen pays for me to travel to and stay in London twice a month."* Senior strategist, advertising.

15. Even before the fiscal crisis, recruiters reported **increasing candidate caution** about the risk of moving.

*"We're having to make a third more calls to twice as many people to fill a role."* Head of talent within a large recruitment firm.

16. **Benefits are being reviewed**: with new kinds of benefits (technology, access to loans, new working patterns, pet insurance, pets being allowed to the office). Also, work being done on hardship funds and other measures to help with costs (e.g. selling holiday days beyond statutory minimum).

*"Clients are asking for creative ways to help employees with costs... Some have tried to give bonuses and totally messed up Universal Credit payments"* Employment lawyer.

*"Someone wants to work in Madrid. Someone else in Boston. You find yourself spending time to make it work, looking up tax arrangements..."* HR leader, marketing.

*"I'm in negotiation with the finance guy so that I don't have to take all my holiday before I leave. I'd prefer the money."* Grad, insurance firm.

## Economic Brace Position

17. Pre-fiscal crisis, the **economic headlines were driving caution** even for those who said its impact hadn't really hit (i.e. sales stable and costs under control for now). Costs are being cut and travel and other spending discouraged. Others are of course in "hell", e.g. retail/FMCG.

*"It feels like it hasn't really started yet and some are asking if it's (the economic crisis) being whipped up by the media... even the commercial property guys are remarkably confident"*  
Managing Partner, law firm the week before the "mini" budget.

18. **Assessment of the situation** is ongoing:

*"Rising cost and availability of labour are ongoing problems but, to be fair, the top end is holding up well in London, with good occupancy and spend. Though there are also a lot of new operators. International trade is buoyant, and the weak pound helps that... but holy sh\*t I wouldn't want to be a four-star hotel depending on the domestic market right now".* London hotelier, after "mini" budget.

19. Organisation-wide focus areas (specifically DEI & ESG) are reported in some cases to have been expressly '**deprioritised**'.

20. **Employees want both money and reassurance:** How will we be supported? Is this organisation going to make it? Some HR leaders note that senior people and men are the ones most likely to be demanding the pay rises making it harder to take care of the less well paid.

*"They want to know if we can survive this. I think we're pretty well set up and well insulated but conveying that is hard".* Director, communications agency.

21. On a personal level, even those **not directly impacted are changing behaviour:**

*"My husband said we should cancel our Freddie's Flower subscription"* half-jokes a **new business director**.

## The Future

22. Most leaders are in the moment, but a few are looking beyond the immediate challenges and **embracing innovation and futureproofing.**

*"We have 3D printer in every office, not because we need them but because everyone here needs to know about innovation. We train on VR headsets, we're experimenting with the Metaverse, so we'll be well-set up to use it in the future, I have my own hologram. If there is another virus, everyone will be able to work at home."* HR leader, Abu Dhabi

## More?

To book Christine for events, including **keynotes and interactive workshops**, on managing through this new era of work, contact [elaine@armstrongpartners.co.uk](mailto:elaine@armstrongpartners.co.uk).

For **qualitative or quantitative research** into your business, sector or a specific area, contact [andrew@armstrongpartners.co.uk](mailto:andrew@armstrongpartners.co.uk).