

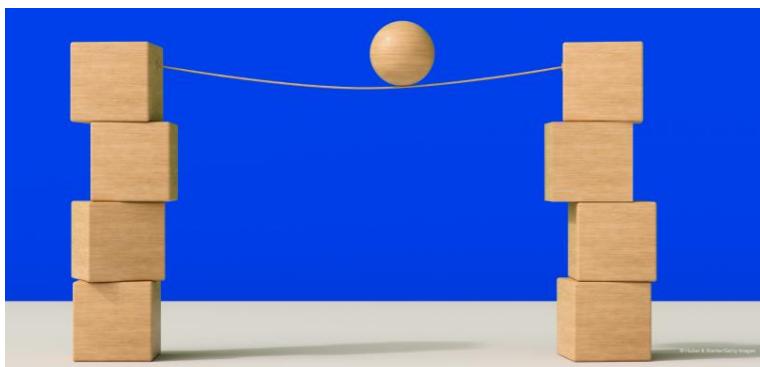
# The Daily Dispatch

## Weekly Special Feature

May 28, 2021

### **What executives are saying about the future of hybrid work**

By: Andrea Alexander, Rich Cracknell, Aaron De Smet, Meredith Langstaff, Mihir Mysore, and Dan Ravid.— McKinsey & Company (*Published on May 17, 2021*)



In the postpandemic future of work, nine out of ten organizations will be combining remote and on-site working, according to a new McKinsey survey of 100 executives across industries and geographies. The survey confirms that productivity and customer satisfaction have increased during the pandemic.

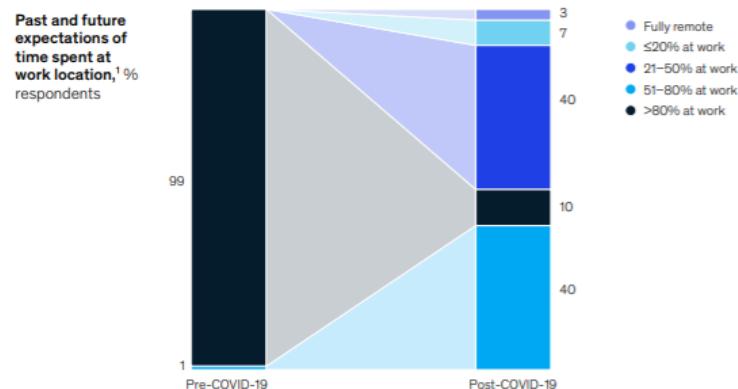
Despite the embrace of a hybrid model, though, most organizations have only begun to think through and articulate the specifics of how to carry out a more permanent mix of remote and on-site working for all roles that aren't essential to perform on-site. Many of their employees are feeling anxious as a result. The sustainability of pandemic-style productivity gains might well depend on how organizational leaders address the anxiety their employees feel—and the associated levels of burnout.

The following charts, drawn from our survey, offer insights for executives who are sorting out the particulars of the hybrid approach. A notable finding is that organizations with the biggest productivity increases during the pandemic have supported and encouraged “small moments of engagement” among their employees, moments in which coaching, mentorship, idea sharing, and coworking take place. These organizations are preparing for hybrid working by training managers for remote leadership, by reimagining processes, and by rethinking how to help employees thrive in their roles.

### **The future will be more hybrid.**

Prior to the COVID-19 crisis, the majority of organizations required employees to spend most of their time on-site. But as the pandemic eases, executives say that the hybrid model—in which employees work both remotely and in the office—will become far more common. The majority of executives expect that (for all roles that aren't essential to perform on-site) employees will be on-site between 21 and 80 percent of the time, or one to four days per week.

**In the post-COVID-19 future, C-suite executives expect an increase in hybrid work.**



\*Question: What level of remote working (for roles typically associated with being office-based) does your organization have?

### **Future vision.**

Although nine out of ten executives envision a hybrid model going forward, most have at best a high-level plan for how to carry it out—and nearly a third of them say that their organizations lack alignment on a high-level vision among the top team. Although another third of organizations have a more detailed vision in place, only one in ten organizations have begun communicating and piloting that vision.

### **Most organizations don't yet have a detailed vision in place for hybrid work.**

**State of post-COVID-19 return-to-office planning,<sup>1</sup> % respondents**



<sup>1</sup>Question: What is the state of your post-COVID-19 return-to-office planning?

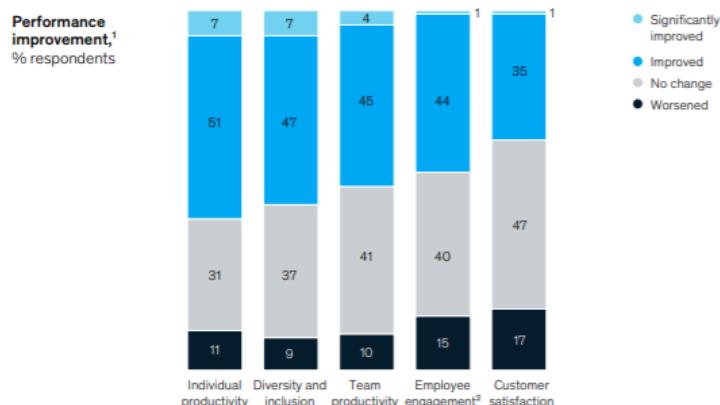
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## Productive nonetheless.

The survey also confirms that during the pandemic most organizations have seen rises in individual and team productivity and employee engagement, and, perhaps as a result of this increased focus and energy, a rise in the satisfaction of their customers as well.

But not every organization has experienced the same improvement. Take individual productivity. Some 58 percent of executives report improvements in individual productivity, but an additional third say that productivity has not changed. Lagging companies, which make up 10 percent of respondents, relate that individual productivity has declined during the pandemic. It's important to note the high correlation between individual and team productivity: C-suite executives who say that individual productivity has improved are five times more likely to report that team productivity has risen too.

**Most C-suite executives report improvement in their organizations' productivity, customer satisfaction, employee engagement, and diversity and inclusion.**

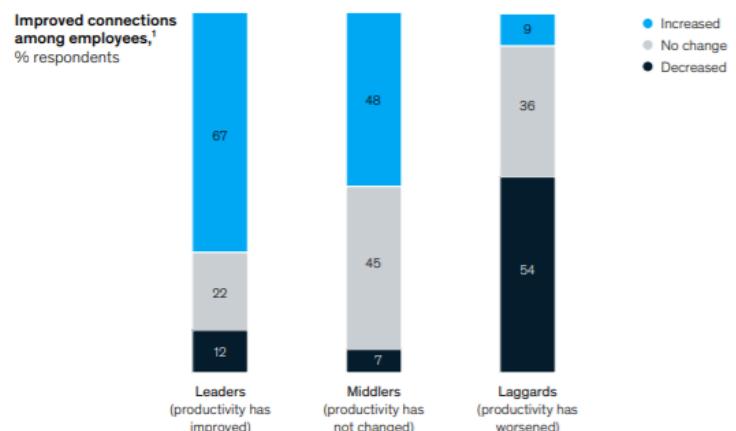


Question: How has \_\_\_\_\_ changed in the remote workplace compared with pre-COVID-19?

<sup>12</sup>Employee engagement was calculated as the average of two questions, one assessing engagement in employees with more senior roles, and one assessing engagement in employees in less senior roles.

**Making the small connections count.** Why have some companies enjoyed higher productivity during the pandemic? According to our survey, they're the ones supporting small connections between colleagues—opportunities to discuss projects, share ideas, network, mentor, and coach, for example. Twothirds of productivity leaders report that these kinds of “microtransactions” have increased, compared with just 9 percent of productivity laggards. As executives look to sustain pandemic-style productivity gains with a hybrid model, they will need to design and develop the right spaces for these small interactions to take place.

**Organizations that have kept employees connected have also tended to see their productivity increase.**



Note: Figures may not sum to 100%, because of rounding.

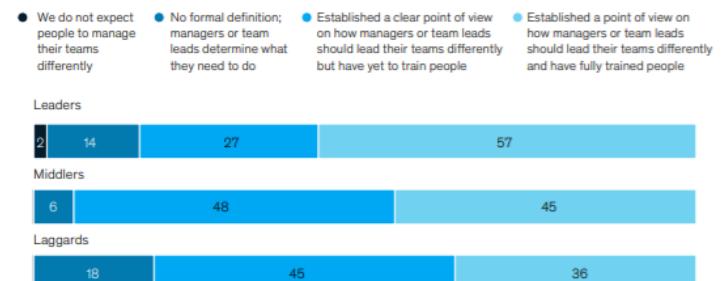
<sup>13</sup>Question: How have the number of microtransactions changed in the remote workplace (for example, connecting with colleagues to discuss projects, share ideas, network, mentor, and coach)? For leaders, n = 58; for middlers, n = 31; for laggards, n = 11.

## Managing differently.

Supporting small moments of connection requires subtle shifts in how managers work. Nearly all executives surveyed recognize that managing remotely differs from when all employees are on-site, but other subtleties may not be as apparent. Nuances can be seen in the more than half of productivity leaders that have trained their managers on how to lead teams more effectively. Only a third of productivity laggards have done the same. The emphasis on small connections suggests that organizations could better support managers by, among other things, educating them about the positive and negative impact they have on the people who report to them, and by training managers on soft skills, such as providing and receiving feedback. Organizations can also explore novel ways to address the loss of empathy that often accompanies gains in authority

**Leading organizations are most likely to have helped managers lead differently.**

### Managing differently while working remotely<sup>14</sup> % respondents



Note: Figures may not sum to 100%, because of rounding.

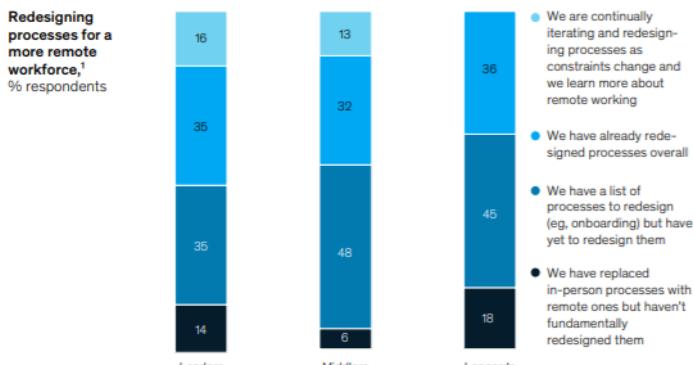
<sup>14</sup>Question: How has productivity changed in the remote workplace compared with pre-COVID-19? Please compare the workplace today with pre-COVID-19. Respondents answered on a 5-point scale (5 = significantly increased; 4 = somewhat increased; 3 = no change; 2 = somewhat decreased; 1 = significantly decreased). Those answering 1 or 2 are leaders, n = 58; those answering 3 are middlers, n = 31; and those answering 4 or 5 are laggards, n = 11.

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## Experiment and iterate.

Across organizations, executives already recognize the need to redesign processes to better support a remote workforce—with the majority having at least identified the processes that will require rethinking. But productivity leaders are more likely to continually iterate and tweak their processes as the context shifts. As organizations look to codify the hybrid model, there is evidence that the test-and-learn approach to process redesign will be an important enabler.

### Lagging companies are least likely to experiment and iterate processes.



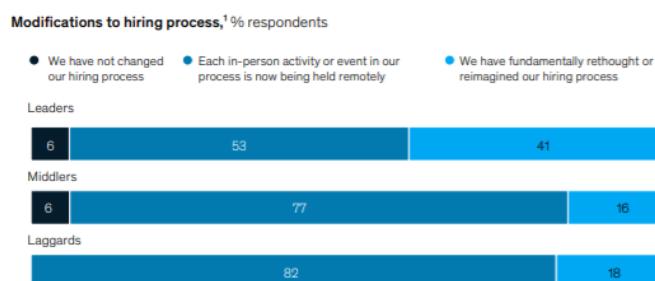
Note: Figures may not sum to 100%, because of rounding.

<sup>1</sup>Question: To what extent have you redesigned processes for a more remote workforce? Respondents answered on a 5-point scale (5 = significantly increased; 4 = somewhat increased; 3 = no change; 2 = somewhat decreased; 1 = significantly decreased). Those answering 1 or 2 are leaders, n = 58; those answering 3 are middlers, n = 31; and those answering 4 or 5 are laggards, n = 11.

## Reimagine hiring.

Hiring is among the most crucial processes to reconsider in the hybrid world. Should organizations continue to hire within specific geographies, or should they open up their talent aperture beyond traditional recruiting locations, for instance? Should they conduct more remote interviews? During the pandemic, nearly two-thirds of organizations have moved in-person recruiting events and activities to remote settings, but only one in three have reimaged hiring from the ground up. Forty percent of productivity leaders, by contrast, have holistically redesigned their entire hiring process.

### Most organizations have changed their hiring processes, but leading companies have reimaged them entirely.

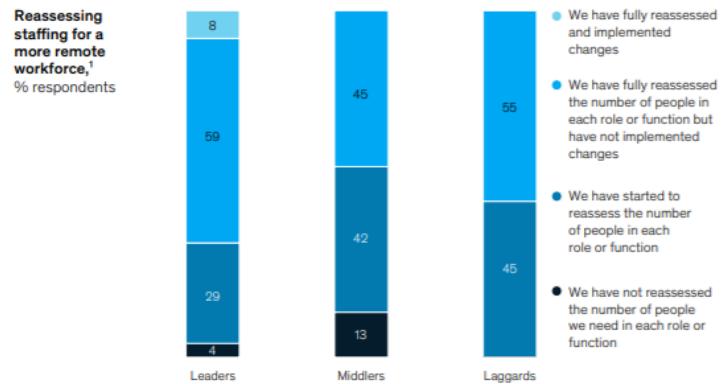


Note: Figures may not sum to 100%, because of rounding.  
<sup>1</sup>Question: To what extent have you modified your hiring process? Respondents answered on a 5-point scale (5 = significantly increased; 4 = somewhat increased; 3 = no change; 2 = somewhat decreased; 1 = significantly decreased). Those answering 1 or 2 are leaders, n = 58; those answering 3 are middlers, n = 31; and those answering 4 or 5 are laggards, n = 11.

## Rethink talent allocation.

During the pandemic, nearly two-thirds of organizations have reassessed the number of people in each role and in each function in the company. But productivity leaders are more likely than middle performers and laggards to fall into this category. A select few leading companies have taken it even further and have gone beyond reassessing to actually implementing changes. As organizations redesign their hybrid future, matching the workforce with the right priorities could help spur productivity improvements.

### Many organizations have started to reassess the number of people in each role or function, but only a few have rematched employees with priority roles.



Note: Figures may not sum to 100%, because of rounding.  
<sup>1</sup>Question: To what extent have you reassessed the number of people in each role or function given the shift to a more remote workplace? Respondents answered on a 5-point scale (5 = significantly increased; 4 = somewhat increased; 3 = no change; 2 = somewhat decreased; 1 = significantly decreased). Those answering 1 or 2 are leaders, n = 58; those answering 3 are middlers, n = 31; and those answering 4 or 5 are laggards, n = 11.

Source: Andrea Alexander, Rich Cracknell, Aaron De Smet, Meredith Langstaff, Mihir Mysore, and Dan Ravid (2021) ‘What executives are saying about the future of hybrid work,’ *McKinsey & Company*. Available at <https://www.mckinsey.com/business-functions/organization/our-insights/what-executives-are-saying-about-the-future-of-hybrid-work> (Accessed 28 May 2021)

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May 28, 2021  
TODAY'S TOP NEWS

## Robinsons Land eyes P27B in REIT listing

The Securities and Exchange Commission (SEC) released on Thursday the preliminary prospectus filed by a subsidiary of Robinsons Land Corp. for its P26.67-billion real estate investment trust (REIT) initial public offering (IPO), which is now subject to regulatory approval.

## Converge, Keppel sign definitive deals

Converge ICT Solutions, Inc. has entered into “definitive agreements” with Keppel Midgard Holdings Pte. Ltd., a wholly owned subsidiary of Singapore’s Keppel Telecommunications & Transportation, for a transpacific cable system project.

## S&P affirms Philippines' BBB+ rating

S&P Global Ratings on Thursday kept its “BBB+” rating on the Philippines and assigned a “stable” outlook on expectations of a “healthy” economic recovery, which will help improve the country’s fiscal standing that has weakened because of the coronavirus crisis.

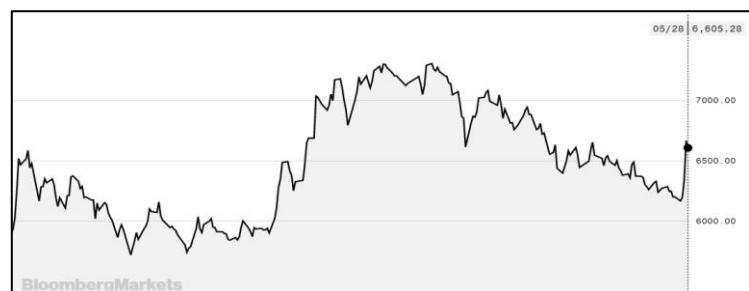
## Fruitas acquires bakery Balai Pandesal

Fruitas Holdings, Inc. has forged an agreement with Balai Pandesal Corp. that will allow a subsidiary of the listed operator of food and beverage kiosks to acquire the bakery’s trademark, recipes, and some of its equipment and inventory, among others.

## Cebu Landmasters eyes expansion through 25 projects

Cebu Landmasters, Inc.’s (CLI) 25 projects for the year are expected to expand the company’s footprint to other key cities in the Visayas-Mindanao (Vis-Min) region. Around 15 of these projects, valued at P19 billion altogether, are under the company’s economic and mid-market residential segments.

## Philippine Stock Market Update



<b>Previous Close:</b>	<b>1 Yr Return:</b>
6,665.14	22.17%
<b>Open:</b>	<b>YTD Return:</b>
6,622.18	-6.52%
<b>52-Week Range:</b>	<b>Source:</b>
5,492.09 - 7,432.40	Bloomberg

## Foreign Exchange

As of May 27, 2021

US Dollar	Philippine Peso
1	47.99

## BVAL Reference Rates

As of May 27, 2021

Tenor	Rate
1Y	1.817
3Y	2.527
5Y	3.185
7Y	3.695
10Y	4.144
20Y	4.880

## Daily Quote

“Genius is 1 percent inspiration and 99 percent perspiration.”

--Thomas Edison

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## MORE LOCAL NEWS

### WESM spot prices increased in May

The average electricity prices at the Wholesale Electricity Spot Market, the trading floor of electricity, surged in May to nearly P8 per kilowatt-hour on increased demand as the economy slowly recovers, officials of the Independent Electricity Market Operator of the Philippines said Thursday.

### Peso strengthens back to P47:\$1 level

After rebounding to the P47:\$1 area on Thursday, the Philippine peso experienced its strongest day in a week, which analysts attributed to a balance of payments surplus and favorable stock market trends. The local unit gained 16 centavos to P47.98:\$1, its strongest level since May 21 when it closed at P47.94:\$1.

### PSEi gains 5.11% on Bayanihan 3 optimism

Philippine shares further expanded on Thursday amid optimism on additional fiscal stimulus and the result of MSCI rebalancing. The Philippine Stock Exchange index (PSEi) soared by 5.11 percent or 323.90 points to its day high of 6,665.14, while the wider All Shares surged by 3.48 percent or 135.53 points to close at 4,034.92.

### Ginebra Q1 income surges to P1.04B on higher sales

Ginebra San Miguel Inc. on Thursday said its income in the January-to-March period more than doubled to P1.04 billion from last year's P474.35 million due to volume growth and higher selling prices.

### Cebu Pacific vaccine transport continues

A total of 75,880 doses were delivered. The batch comprised of 28,880 for Tuguegarao; 2,000 for Tacloban on May 21; 10,000 each for Iloilo and Cagayan de Oro on May 24; 15,000 to Zamboanga on May 25, 2021, and another 10,000 doses for Iloilo today, May 27.

### SMC banking arm nets P147 million in Q1

The banking arm of food-to-infrastructure conglomerate San Miguel Corp. (SMC) booked a net income of P146.91 million in the first quarter, reversing the P122.94 million net loss in the same period last year, on lower provision for credit and impairment losses.

### DTI optimistic of recovery in manufacturing

The Department of Trade and Industry (DTI) is optimistic about a recovery in manufacturing starting this year as it sees demand and production picking up with the easing of quarantine restrictions, and as investments are expected in the sector with key reforms lined up.

### ICTSI raises stake in Congo terminal

International Container Terminal Services Inc. (ICTSI) has increased its stake in a joint venture company that operates a container and general cargo terminal in the Democratic Republic of the Congo. ICTSI said it has concluded the acquisition of an additional 10% stake in International Container Terminal Services Inc.–DR Congo (IDRC).

### BTr to raise P215 billion from bond market

The Bureau of the Treasury (BTr) is raising P215 billion from the bond market in June to take advantage of the ample liquidity in the system and sustained demand for safe and higher-yielding assets. The borrowing program for next month was ramped up from the P170 billion programmed in April and May, and P160 billion in March.

### Inflation seen to ease below 4% by Q4

Price hikes in goods and services will continue to hover above four percent for the most part of the year, and will only start easing toward the tailend of 2021. First Metro Investment Corp.(FMIC) and University of Asia and the Pacific (UA&P) Capital Markets Research, it said inflation is unlikely to show any sign of decline in the coming months.

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## TODAY'S TOP ASIAN NEWS

### **Hyundai to slash combustion engines, invest in EVs**

HYUNDAI Motor Group will slash the number of combustion engine models in its line-up to free up resources to invest in electric vehicles (EVs), two people close to the South Korean automaker told Reuters.

### **Indonesian state utility to retire coal power plants**

[JAKARTA] Top thermal coal exporter Indonesia is planning to retire its coal-fired power plants gradually, in a phased move towards becoming carbon neutral, an official from the country's state utility, Perusahaan Listrik Negara (PLN), said on Thursday.

### **HSBC withdraws from loss-making US retail banking**

HSBC announced it is withdrawing from US mass market retail banking by selling some parts of the money-losing business and winding down others, a long-awaited move as the lender steps up a shift in focus to Asia, its biggest market.

### **Foxconn in talks to buy stake in chipmaker DNeX**

FOXCONN Technology Group is in talks to buy a stake in Malaysian technology firm Dagang NeXchange (DNeX), according to sources, after losing to it in bidding for a semiconductor company.

### **Digital bank upstarts are years away from profits**

Hong Kong's virtual banks are facing years of red ink on the bottom line after making limited inroads against their brick-and-mortar rivals in the financial hub. Mox Bank, backed by Standard Chartered, and ZA Bank, bankrolled by China's ZhongAn Online P&C Insurance, predict they will start breaking even by 2024 at the earliest.

## TODAY'S TOP GLOBAL NEWS

### **Sanofi, GSK kick off Phase 3 trial for Covid-19 shot**

[PARIS] France's Sanofi and Britain's GlaxoSmithKline launched a late-stage human trial for a recombinant Covid-19 vaccine candidate on Thursday which they hope to get approved by the end of 2021.

### **Big tech in talks with carbon offset trading platform**

Some of the world's largest technology corporations - from Google to Microsoft and Amazon - are in talks with a new carbon offset trading platform in Singapore that would be among the first to be backed by a public stock exchange.

### **Klarna seeking new funds at close to \$66b valuation**

Swedish payments firm Klarna is close to raising a new round of funding from a group of investors including SoftBank that could lift the company's valuation close to US\$50 billion (\$66 billion), three sources told Reuters.

### **European investors prove picky**

Sales of new bonds in Europe's primary market resumed at a brisk pace on Thursday, though investors appear increasingly price sensitive amid the first murmurings of an end to stimulus programs.

### **Air travel will bounce back strongly by 2023: Iata**

Global air travel will bounce back strongly by 2023 as countries roll out Covid-19 vaccines and learn to manage the pandemic, noted the International Air Transport Association (Iata).