

# Executive Leaders on The Future of the Office

By

Penrhyn International,  
A global network of Executive Search firms,  
in partnership with  
Not Actively Looking,  
The Global Career Management Platform for Senior Executives.



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Leaders from all over the world are speaking out: the economic landscape is evolving on both local and international scales. Over 540 executives and business leaders from 51 different countries were asked to comment on their general outlook as well as their approach to the evolution of workspaces throughout the 2020 pandemic. Flexibility has become the norm, including day by day evaluations and reassessments. Some people work great from home, others need an in-person experience to flourish and thrive. We find that business leaders are embracing all the changes with mostly optimistic outlooks.

As a series of city and nation-wide lockdown unfolded in the winter of 2020, all industry sectors had to adapt to closures or severe reduction of personnel, the effects of which cannot yet be fully measured. According to a McKinsey report, many leaders are already finding that existing performance-management and incentive structures are no longer useful or appropriate.<sup>1</sup> For executives questioned in our survey, a productive period of adaptation involves a high dose of realism and flexibility.

*“Successful leadership means creating a vision for the future and being realistic about the unexpected challenges we face as we confront ‘the new normal.’ I believe that this is part of the authenticity that sets successful leaders apart from their peers.”*

- Chief Marketing Officer, United Kingdom

COVID-19 has had a deep impact on the role of new technologies in work environments. A German Head of Business Unit commented: “COVID-19 has done more for digitalization in the past five years than any CEO, CTO or CIO.” While some executives have held on to their previous ways of doing things, COVID-19 has propelled many business executives to invest in new technologies and maximize the digitalization of their services and/or operations.

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<sup>1</sup> <https://www.mckinsey.com/industries/financial-services/our-insights/shaping-and-safeguarding-the-banking-workforce-after-covid-19>

*“Some companies are taking the opportunity to reconfigure their ways of working and reviewing their end to end processes, with the introduction of technology; others are just waiting to go back to the old pre-COVID-19 world.”*

- Director, Oman

The effects of a more intense digitalization across all companies and industries should start to make an impact on economic growth within the coming years. Many reports are circulating with growth projections and possible roads to general economic recovery on a global scale.

According to an IMF report published in June of 2020, some countries may experience a drop of up to 10% of their GDP, with an expected recovery by 2021 or early 2022.

## Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	PROJECTIONS		
	2019	2020	2021
<b>World Output</b>	<b>2.9</b>	<b>-4.9</b>	<b>5.4</b>
<b>Advanced Economies</b>	<b>1.7</b>	<b>-8.0</b>	<b>4.8</b>
United States	2.3	-8.0	4.5
<b>Euro Area</b>	<b>1.3</b>	<b>-10.2</b>	<b>6.0</b>
Germany	0.6	-7.8	5.4
France	1.5	-12.5	7.3
Italy	0.3	-12.8	6.3
Spain	2.0	-12.8	6.3
Japan	0.7	-5.8	2.4
United Kingdom	1.4	-10.2	6.3
Canada	1.7	-8.4	4.9
Other Advanced Economies	1.7	-4.8	4.2
<b>Emerging Markets and Developing Economies</b>	<b>3.7</b>	<b>-3.0</b>	<b>5.9</b>
<b>Emerging and Developing Asia</b>	<b>5.5</b>	<b>-0.8</b>	<b>7.4</b>
China	6.1	1.0	8.2
India	4.2	-4.5	6.0
ASEAN-5	4.9	-2.0	6.2
<b>Emerging and Developing Europe</b>	<b>2.1</b>	<b>-5.8</b>	<b>4.3</b>
Russia	1.3	-6.6	4.1
<b>Latin America and the Caribbean</b>	<b>0.1</b>	<b>-9.4</b>	<b>3.7</b>
Brazil	1.1	-9.1	3.6
Mexico	-0.3	-10.5	3.3
<b>Middle East and Central Asia</b>	<b>1.0</b>	<b>-4.7</b>	<b>3.3</b>
Saudi Arabia	0.3	-6.8	3.1
<b>Sub-Saharan Africa</b>	<b>3.1</b>	<b>-3.2</b>	<b>3.4</b>
Nigeria	2.2	-5.4	2.6
South Africa	0.2	-8.0	3.5
<b>Low-Income Developing Countries</b>	<b>5.2</b>	<b>-1.0</b>	<b>5.2</b>

Source: IMF, World Economic Outlook Update, June 2020

Note: For India, data and forecasts are presented on a fiscal year basis, with FY2020/2021 starting in April 2020. India's growth is -4.9 percent in 2020 based on the calendar year.

<sup>2</sup> <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>

Projected GDP growth is largely dependent on the ferocity and duration of a second wave. The OECD presented two scenarios in its latest report: the first (Table 1.1 A) includes a second wave of COVID-19 that affects all economic sectors around the world and lasts until the end of 2021. The second (Table 1.1 B), which explores a scenario where the second outbreak is avoided, projects an almost full recovery by the end of 2021.<sup>3</sup>

**Table 1.1. Global activity has collapsed and the recovery will be slow and possibly interrupted**

*OECD area, unless noted otherwise*

	Average 2012-2019	2018	2019	2020	2021	2019 Q4	2020 Q4	2021 Q4
<b>A. Double-hit scenario</b>								
Per cent								
<b>Real GDP growth<sup>1</sup></b>								
World <sup>2</sup>	3.3	3.4	2.7	-7.6	2.8	2.6	-11.0	7.9
G20 <sup>2</sup>	3.5	3.6	2.9	-7.3	3.1	2.8	-10.2	7.5
OECD <sup>2</sup>	2.1	2.3	1.7	-9.3	2.2	1.6	-13.1	8.4
United States	2.4	2.9	2.3	-8.5	1.9	2.3	-12.3	7.5
Euro area	1.6	1.9	1.3	-11.5	3.5	1.0	-15.1	10.1
Japan	1.0	0.3	0.7	-7.3	-0.5	-0.7	-8.4	2.1
Non-OECD <sup>2</sup>	4.3	4.4	3.5	-6.1	3.2	3.4	-9.2	7.5
China	7.0	6.7	6.1	-3.7	4.5	5.9	-4.7	5.0
India <sup>3</sup>	6.8	6.1	4.2	-7.3	8.1			
Brazil	0.0	1.3	1.1	-9.1	2.4			
<b>Unemployment rate<sup>4</sup></b>	6.7	5.5	5.4	10.0	9.9	5.3	12.6	8.9
<b>Inflation<sup>1,5</sup></b>	1.6	2.4	1.9	1.1	1.0	1.7	0.7	1.2
<b>Fiscal balance<sup>6</sup></b>	-3.6	-2.9	-3.3	-12.7	-9.2			
<b>World real trade growth<sup>1</sup></b>	3.3	3.9	1.1	-11.4	2.5	1.1	-15.4	9.2
<b>B. Single-hit scenario</b>								
Per cent								
<b>Real GDP growth<sup>1</sup></b>								
World <sup>2</sup>	3.3	3.4	2.7	-6.0	5.2	2.6	-4.6	4.0
G20 <sup>2</sup>	3.5	3.6	2.9	-5.7	5.5	2.8	-4.1	3.9
OECD <sup>2</sup>	2.1	2.3	1.7	-7.5	4.8	1.6	-6.1	3.7
United States	2.4	2.9	2.3	-7.3	4.1	2.3	-7.4	4.6
Euro area	1.6	1.9	1.3	-9.1	6.5	1.0	-5.6	3.2
Japan	1.0	0.3	0.7	-6.0	2.1	-0.7	-3.2	0.6
Non-OECD <sup>2</sup>	4.3	4.4	3.5	-4.6	5.6	3.4	-3.3	4.2
China	7.0	6.7	6.1	-2.6	6.8	5.9	-0.7	4.0
India <sup>3</sup>	6.8	6.1	4.2	-3.7	7.9			
Brazil	0.0	1.3	1.1	-7.4	4.2			
<b>Unemployment rate<sup>4</sup></b>	6.7	5.5	5.4	9.2	8.1	5.3	9.4	7.7
<b>Inflation<sup>1,5</sup></b>	1.6	2.4	1.9	1.1	1.3	1.7	0.9	1.6
<b>Fiscal balance<sup>6</sup></b>	-3.6	-2.9	-3.3	-11.1	-7.1			
<b>World real trade growth<sup>1</sup></b>	3.3	3.9	1.1	-9.5	6.0	1.1	-7.9	5.1

1. Percentage changes; last three columns show the change over a year earlier.

2. Moving nominal GDP weights, using purchasing power parities.

3. Fiscal year.

4. Per cent of labour force.

5. Private consumption deflator.

6. Per cent of GDP.

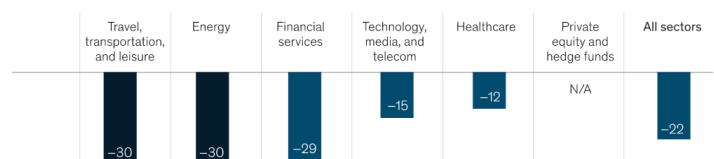
Source: OECD Economic Outlook 107 database.

<sup>3</sup>[https://read.oecd-ilibrary.org/economics/oecd-economic-outlook/volume-2020/issue-1\\_0d1d1e2e-en#page14](https://read.oecd-ilibrary.org/economics/oecd-economic-outlook/volume-2020/issue-1_0d1d1e2e-en#page14)

At the beginning of the pandemic, the global economy saw an unprecedented variation across sectors. According to McKinsey report, sectors including professional services can expect shifts in their transactional practices.

**Transactional practice areas are likely to see varied demand shifts in distressed sectors.**

Practice-demand changes in market capitalization by sector, %<sup>1</sup> NEGATIVE ■ POSITIVE ■



**Transactional-practice-demand outlook**

	Travel, transportation, and leisure	Energy	Financial services	Technology, media, and telecom	Healthcare	Private equity and hedge funds	All sectors
Increase	Restructuring	Restructuring Midstream and storage	Government lending programs Debt capital markets	Bankruptcy and restructuring Debt financing	Alliances and joint ventures Regulatory	Distressed M&A Midmarket and roll ups	Restructuring and workout Distressed M&A
Decrease	Corporate M&A Real estate	Project finance Corporate M&A	Equity capital markets Big-ticket M&A	Venture capital, capital financing, and IPOs		Fund formation Big-ticket M&A	Equity capital markets Big-ticket M&A

**Dispute- and investigation-practice-demand outlook**

	Travel, transportation, and leisure	Energy	Financial services	Technology, media, and telecom	Healthcare	Private equity and hedge funds	All sectors
Increase	Shareholder litigation Supplier disputes	Supplier disputes Shareholder litigation	Government-program compliance	Intellectual-property and labor litigation Force majeure disputes Government investigation and regulatory		Distressed debt	Labor and employment Corporate tax
Decrease		International arbitration					Antitrust

<sup>1</sup>Average year-to-date total shareholder returns by industry, weighted and adjusted for currency. Data set includes global top 3,000 companies by market cap in 2019, excluding some subsidiaries, holding companies, companies with very small free float, and companies that have delisted since.

The road to a global economic recovery is largely dependent on how the pandemic will evolve in the coming months or years. A study done by ManpowerGroup indicates that the strongest labor markets are expected in Taiwan, the United States, Turkey, Japan and Greece, while the weakest hiring intentions are reported in Panama, Costa Rica, South Africa, Colombia and the UK.<sup>5</sup> Safety measures, such as the restriction of personnel or the temporary closures of businesses, could affect both GDP growth per country and workforces in all sectors of the economy, keeping office spaces empty and home offices at full capacity.

<sup>4</sup> <https://www.mckinsey.com/industries/financial-services/our-insights/covid-19-implications-for-law-firms>

<sup>5</sup> <https://www.manpowergroup.us/meos/public/pdf/employment-outlook-forecast.pdf>

**“The World has changed for ever and new working arrangements will change all businesses.”**

- Head of Special Operations, the Republic of Côte d'Ivoire

Where is your place of work?

		Response percent	Response total
Office		25.51%	138
Home		27.73%	150
Both		41.96%	227
Other		4.81%	26

Roughly 40% of business leaders polled are currently working both from home as well as from the office, balancing a very thin line between their work, their personal lives and a new hurdle of managing their staff from a distance. *“While employees generally report higher levels of satisfaction when working at home, managers report the need to exert more effort to interact, engage and manage team members,”* explains an Executive Chairman from the US. Many executives indicate a willingness to be more flexible, understanding and available towards their staff. According to a CTO from Mexico, it is important to acknowledge a necessary human touch:




*“A key missing component with home office is the impromptu conversations and quick alignment and updates while walking [to] the office. Teams, WhatsApp, etc. have not been able to replace that. In addition, humans are mostly social beings and the in-person interaction with colleagues improves job satisfaction and retention.”*

Will your staff have the option to choose where they work from?

		Response percent
Yes		70.26%
No		17.84%
Other		11.9%

Executives are showing a real openness and flexibility to the needs of their staff. 70% of respondents answered that they would give their staff the option of working from home or from the office. *“Some individuals are good in self-motivation and holds high productivity when working from home, [others do not have] this capability and [are] required to work from office,”* says a Chairman from Denmark.

**What is your business outlook for the next 12 months?**

		Response percent
Positive		<b>26.44%</b>
Challenging		<b>53.45%</b>
Uncertain		<b>20.11%</b>

When questioned about their general outlook for the next year, 53% of respondents believe the next few months will be very challenging, but not impossible:

**“The most important question: are we ready for this? The answer is if you are open-minded and brave enough, yes you are ready.”**

-Founding and Managing Partner, Turkey

## **ABOUT THIS REPORT**

This report is based on a survey conducted by Penrhyn International, a global network of Executive Search firms, in partnership with Not Actively Looking, The Global Career Management Platform for Senior Executives.

The survey was answered by 541 business executives and leaders from 51 countries.

We acknowledge the scale difference per country and focus on their ideas, with an attempt to bridge together as many countries and regions as we could. We bring this report from the minds of business leaders themselves, offering insight and a more global point of view.