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**LEADERSHIP CHALLENGES IN THE CONTEXT OF HYBRID
WORK AT COOP EESTI KESKÜHISTU**

Master's thesis

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ABSTRACT

The widespread change how people around the globe work accelerated with COVID-19 pandemic and since then organizations around the globe are trying to find the most suitable arrangement for hybrid working model. This master's thesis explores the challenges and leadership aspects associated with hybrid work at Coop Eesti Keskühistu (CEK), a leading retailer in Estonia. The study focuses on the leadership experiences within CEK during the pandemic and the subsequent implementation of a hybrid work model. The organization, which has a significant presence in the Estonian retail market, faced unique challenges in adapting to remote and hybrid work arrangements and CEK leadership encountered difficulties in effectively managing remote work and making informed management decisions in the hybrid work setting.

According to this thesis' qualitative study CEK leaders have adeptly adjusted to the hybrid working model through extensive experimentation. The study underscores the importance of individualized approaches to hybrid work, recognizing that a fully flexible model in the long term hinders collaboration and the need for a clear framework for hybrid. CEK leaders have implemented solutions, including cultivating trust and autonomy, conducting regular one-on-one meetings, and communicating goals more clearly. Challenges faced by leaders include discipline, distractions, trust, control, and effectively communicating goals. Leaders have employed test-and-learn strategies to address these challenges. The study concludes that achieving success in a hybrid working arrangement demands a test-and-learn approach from both leaders and followers. Leaders must apply excellent social skills and be conscious of supporting the emotional well-being of teams and employees in the virtual context. The empirical findings contribute valuable insights into the leadership competences, skills, and approaches required for success in a hybrid work setting.

Keywords: remote work, hybrid work, leadership

CONCLUSION

Remote and hybrid work are extensively used new working arrangements in Estonia and in CEK, it has been prevalent setting for office employees since the COVID-19 pandemic. CEK leadership has performed wide-ranging experiment during recent years with hybrid model to find the most effective configuration for hybrid and balance between flexibility, autonomy, and organizational needs. New working arrangements necessitated introduction of new leadership approaches and practices for adjusting to new working models, thus the whole organization, leaders, and their followers, experimented and this trial and refinement is still ongoing at CEK.

The purpose of this study was to explore how CEK leaders have handled challenges associated with remote and hybrid work, and how to achieve success in the hybrid work setting and what leadership approaches and competences are necessary.

Based on the research purpose the following research questions were established by the author:

1. How have CEK leaders handled the challenges associated with hybrid work at CEK?
2. How can CEK leaders achieve success in the context of hybrid work and what leadership approaches they need to apply?

Author conducted research about the most recent empirical studies and research concerning leadership in the remote and hybrid working arrangement. The investigated theories and research results gave an opportunity to detect and structure the challenges leaders tackle in leading in remote and hybrid setting, thus giving framework for planned qualitative research. The aim was to get profound information about the topic and the data was collected using one-point-in-time semi-structured interviews. For the study seven interviews are used with two leaders and with four subordinates, one leader is interviewed twice, in April 2022 and in December 2023 to get better

understanding of the dynamics of hybrid work and leadership challenges thereof. The author analysed the data collected through interviews using qualitative content analysis method.

The study discovered that all the respondents, leaders, and employees, agreed that the hybrid for CEK is the current and future working model, citing however, that the configuration of the model for success is the key challenge. CEK leaders have well adapted to hybrid working model with substantial experimenting in recent years with different hybrid arrangements. The study revealed that CEK leaders and employees understand that the approach regarding hybrid arrangement to employees should be individual, taking also into account the needs of co-workers and teams to make it function synchronously. The experiment resulted in understanding that fully flexible model does not work in the longer perspective as collaboration is hindered by unsynchronized days spent in the office and remotely by employees and team members. Thus, clear framework for hybrid is introduced since February 2023, from Monday to Wednesday in the office and Thursday and Friday from anywhere. Contrary to flexibility offered to employees, leaders at CEK have decided to work full time in the office which boosts employee wellbeing and engagement as leaders are visible and always available at the office. Also, a vital takeaway is that leaders must set concrete hybrid working arrangement for all team members and employees as CEK has demonstrated through trial and error. The study also revealed that for attracting new talent, CEK leaders find that flexibility hybrid offers is an important factor.

The solutions that CEK leaders have used to overcome challenges include cultivating trust and autonomy which are critical factors especially in the virtual context. CEK leaders use regular one-on-one meetings to maintain relationship and to get consistent feedback from employees and understanding of their mental condition and issues relating workflow. One-on-one meetings were cited by employees as an essential factor overcoming different problems, including wellbeing. To foster productivity, leaders at CEK communicate more clearly and consistently goals and articulate expectations, which are especially vital in virtual setting. Also, an individual approach to employee preferences by leaders means that employees for whom remote work does not suit, fully office plan is established and at the same time leaders have made special agreement for almost full remote work with employees whose self-management skills are well developed. Also, to support work-life balance for employees and for leaders alike, clear boundaries regarding working time and communication time have been set to avoid blurring of working time in the remote setting. To boost innovation and support creativity, leaders at CEK have understand that people together, in

the face-to-face interaction are more creative and develop more new ideas. Thus, for ideation and creativity, CEK leaders have advanced face-to-face meetings and communication.

Getting results in the hybrid is the underlying issue, thus CEK leaders have encountered numerous challenges navigating through remote and hybrid working arrangements, the most serious ones are discipline and self-management, distractions, trust, and control, how to clearly communicate goals and expectations and keeping team spirit to get results. CEK leaders have addressed these challenges and used *inter alia* test and learn strategies. Leaders and their subordinates also cited that innovation and creativity suffer in the remote setting, thus leaders at CEK have brought people back to the office for tasks that require creativity and innovation.

To be successful in the hybrid working arrangement is a complex task that requires some level of test and learn approach from leaders, but also from followers finding out what works and what does not. From leaders' perspective to be successful and lead effectively in the hybrid setting leaders must apply excellent social skills, especially empathy, active listening and good communication skills. These are needed to foster relationship and keep in contact with followers. Knowledge how and what to communicate in the hybrid context are vital competences for every leader. To get results in hybrid arrangement is more complex than in the office as remote setting and flexibility pose challenges that leaders must consciously navigate using good managerial and communication capabilities. Leaders must also be aware how to support their teams and employees as especially virtuality poses higher risk for emotional wellbeing.

The author finds that with the above research questions have been answered and the purpose achieved. Due to the research conducted in CEK, more insight about the challenges leaders encounter in the hybrid setting is achieved, how to navigate through these challenges and finally what leadership approaches can be applied to effectively lead in the hybrid setting. For further research, the author recommends to study which personality types are more suitable for remote work and which types are for office and which for full hybrid.