

ACCOUNTING FIRMS

HYBRID WORK MODELS

QX Client Survey: Summary Report

May 2022



For Accountancy Firms



www.qxaccounting.com

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A FOREWORD FROM **SAGAR AHUJA**, CEO, QX ACCOUNTING SERVICES



SAGAR AHUJA
CEO, QX Accounting Services

In April 2022, QXAS conducted a detailed survey of its customers to understand their outlook and preparedness for a hybrid work model. Several accountants in practice were invited to participate in the survey and a total of **82 responses** were recorded.

This report contains the underlying data collected from the survey and a detailed analysis of its findings.

A detailed analysis of the data will help accounting firms reimagine the post-pandemic work scenario and make vital changes to their workforce management strategies. The report details the challenges of adapting to the 'new normal' of working and provides practical guidance to tackle those challenges.

Our team has been instrumental in analysing the data and compiling it to understand the accounting profession's approach to the hybrid work model. With the COVID-19 pandemic completely altering the norms of how work is done, it is important that organisations, including accounting firms, innovate a new operating model that enables better working conditions while retaining productivity.

OBJECTIVE:

The objective of the survey was to understand the present and future of the hybrid work model in the post-pandemic era and decipher the accounting industry's preparedness for it. Further, the survey aimed to record the functional challenges of hybrid work models and provide practical guidance to accounting firms to deal with them.

DEMOGRAPHY

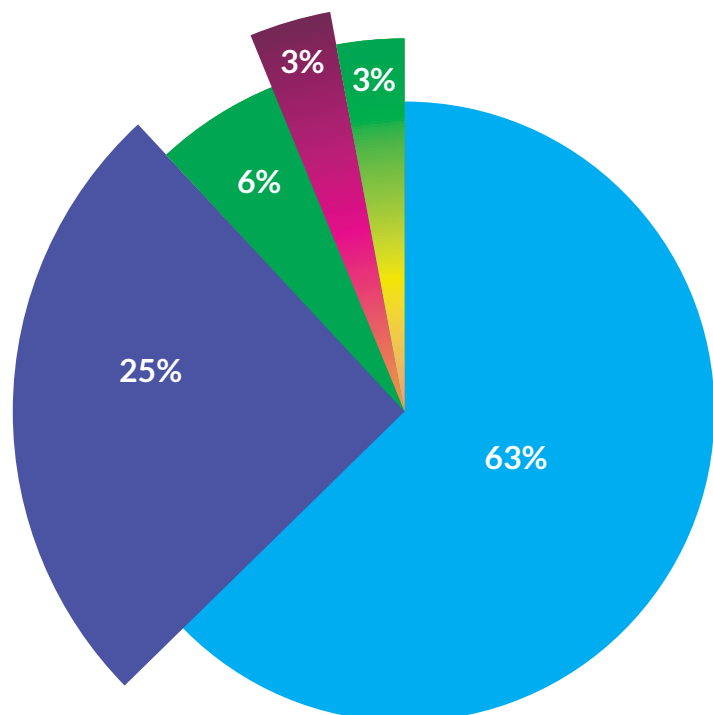
We were interested to learn how accounting firms look at the post-pandemic work scenario and understand their future operational plans. Accordingly, we surveyed about **82 clients**. The respondents belonged to accounting practices of varied sizes, particularly small and mid-sized firms. UK Accountants in practice were targeted.

A LOOK AT THE RESPONDENTS' FIRM SIZES BASED ON THE NUMBER OF EMPLOYEES

Number of Employees

Answered: 82 Skipped: 0

- Less than 40
- 40 - 70
- 71 - 80
- 81 - 100
- 100 and more



KEY FINDINGS

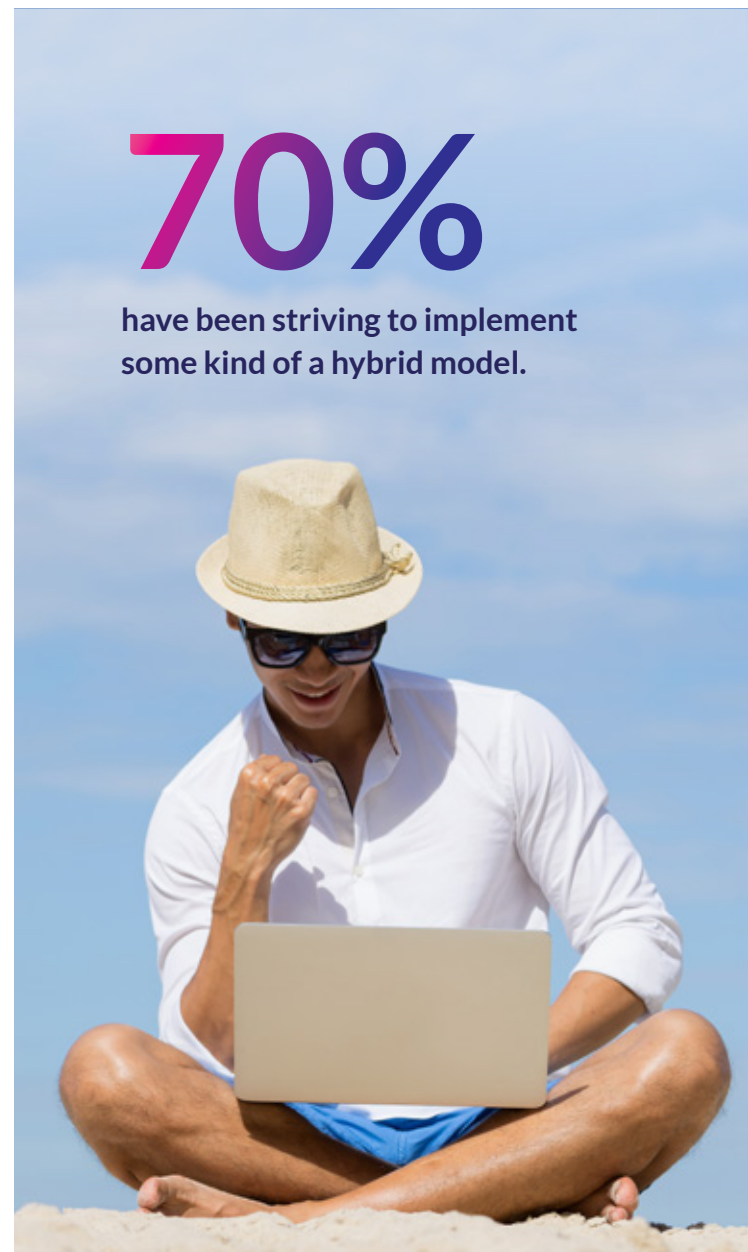
A hybrid work model seems to be the most convenient choice for accounting firms in the post-pandemic world. Accountants seem to prefer a healthy combination of in-office and remote work to maintain a balance between the two.

The accounting profession in the UK has given preference to the hybrid work model over fully onsite and fully remote models, with 65% of the firms currently functioning in a hybrid way.

Additionally, while 16% of the firms plan to remain indefinitely remote, 78% have already reopened their workspaces in 2022. Of these, 70% have been striving to implement a solid hybrid model, while 2% remain unsure about their plans.

It is evident that the accounting profession is more inclined to maintain a balanced approach with hybrid working, but many of these firms do not have a solid plan in place. This can be a significant area of improvement for accounting practices in 2022.

Many firms have further registered their plans to integrate the latest technology into their work models: communication, engagement, and training and development are estimated to boom and take a digital route in the coming years.



70%

have been striving to implement some kind of a hybrid model.



THE SHIFT TO REMOTE WORKING

The concept of remote working bloomed enormously during the COVID-19 pandemic. Several accounting practices shifted their work models to 'Work from Home', thus making home office a globally popular concept. Many firms have adopted the remote working model and continued to operate the same way even as the pandemic saw a steep decline in 2022.

The theories of 'Work from Home' and 'Remote Working' are often misconstrued as the same. While they can be used in the same context, there are certain underlying differences between the two.

WORK FROM HOME VS. REMOTE WORKING

Work From Home

Work From Home refers to employees working from the confines of a home office. Many organisations have facilitated the setting up of home offices for their employees by offering essential amenities such as tables and chairs and reimbursing mobile & internet bills.



VS

Remote Working

Remote working, on the other hand, refers to employees located remotely and working from any part of the world. In this model, an employee may travel or move to a place away from home, albeit temporarily, and choose to work from there. Remote working does not require setting up a home office and companies may not provide essential amenities in this case.



PRE-PANDEMIC WORK MODEL

Like most other global industries, the survey revealed the accounting profession's shift towards remote working. Speaking of the pre-pandemic era, a remarkable 44% of the respondents confirmed that they allowed work from home before the pandemic. 16% of the firms confirmed that they allowed home office only partially, while 23% of them would permit it only rarely. Further, 16% of the respondents revealed that they were never allowed to work remotely in the pre-pandemic era.

The graph below show the accounting profession's general resentment towards the home office concept in the pre-pandemic world. The reasons for these are estimated to be a lack of effective coordination and productivity. According to the survey, 56% of accounting firms preferred to function onsite, and only a total of 39% among these allowed employees to work from home on an occasional or emergency basis.

56%

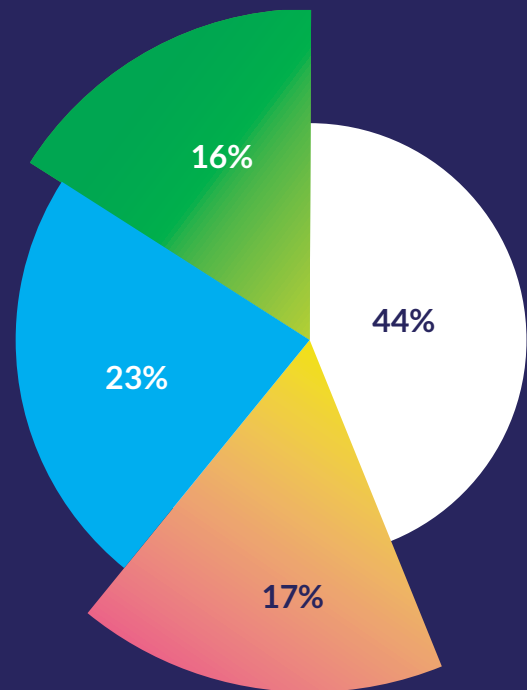
of accounting firms preferred to function onsite

39%

employees to work from home on an occasional basis

WAS WORK FROM HOME ALLOWED BEFORE THE PANDEMIC?

- Yes
- Partially
- Rarely
- No



THE COVID-19 **IMPACT**



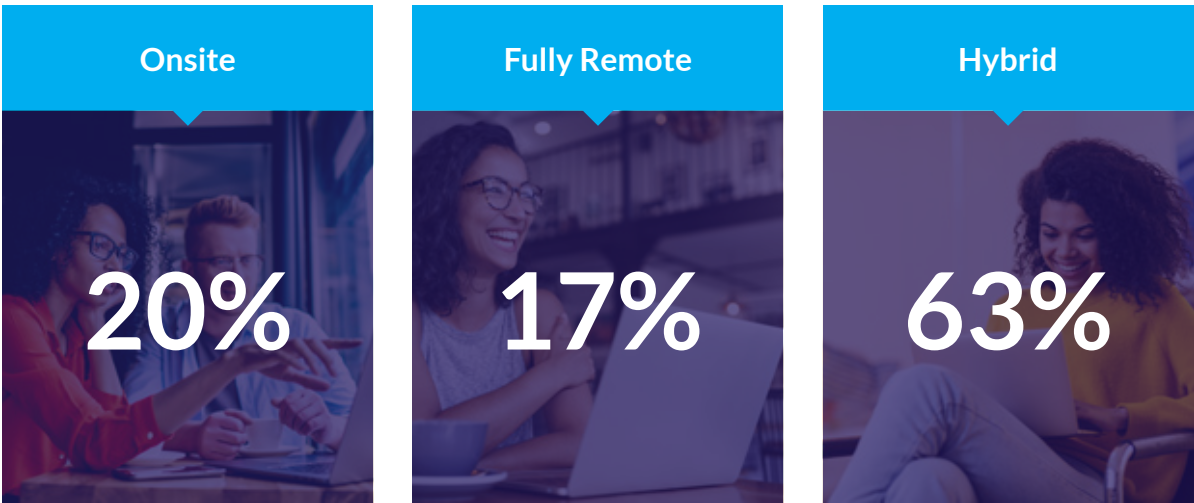
The COVID-19 pandemic has completely changed how the accounting profession functions now. As opposed to the pre-pandemic era, 63% of accounting practices have adopted the hybrid work model. While 20% have reverted to onsite working, 17% have resolved to remain fully remote.

The figures indicate a massive shift in accounting firms' approach to remote and hybrid working. Accounting being an error-prone task involving several compliance functions, firms prefer their employees striking a balance between operating onsite and working from home.

Many firms are also estimated to have adopted the hybrid model of work based on their employees' preferences. Considering the benefits of hybrid working in saving travel time, increased convenience, and a better work-life balance, accountants are inclined to work from home or follow a hybrid model.

POST-PANDEMIC WORK MODELS

Current Operating Models



DIGITAL COMMUNICATION

The virtual and hybrid work models have pushed organisations to reevaluate their communication strategies. Digital communication has taken over the traditional mediums and is here to stay. Consequently, the tools used by organisations for communication have evolved in the post-pandemic era.

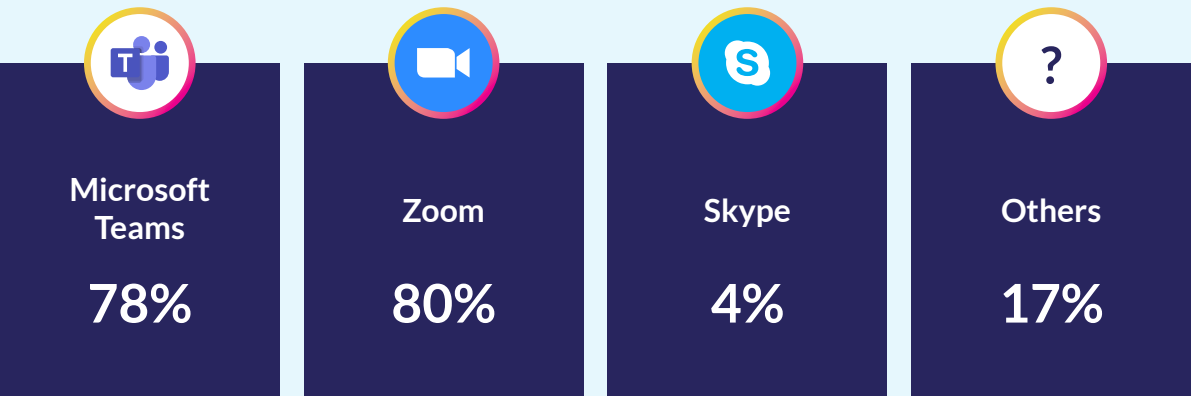
The survey helped us understand accounting firms' inclination towards various digital communication tools. **Zoom** and **Microsoft Teams** seem to be the most preferred communication platforms, with a massive **80%** and **78%** of firms confirming their use respectively. **4%** of the respondents specified Skype as their platform of choice, while **16%** confirmed using other platforms.

Interestingly, with the shift in communication channels, the average time spent by employees on these platforms has also increased. **From February 2020 to February 2021, the time spent on Microsoft Teams has more than doubled globally.** Additionally, an average meeting is now about 10 minutes longer, increasing from 35 minutes to 45 minutes.



Zoom and Microsoft Teams seem to be the most preferred communication platforms, with a massive 80% and 78% of firms confirming their use respectively.

USAGE OF DIGITAL COMMUNICATION TOOLS



RECOMMENDED WORK TOOLS FOR A HYBRID TEAM

COLLABORATION TOOLS

- > Zoom
- > Microsoft Teams
- > Google Drive
- > Xtensio
- > Hypercontext
- > Scribe

PROJECT MANAGEMENT TOOLS

- > Hive
- > Notion
- > Fyle
- > Trello
- > Asana
- > Prohance

EMPLOYEE ENGAGEMENT TOOLS

- > Happeo
- > Donut
- > Bonusly
- > Brain.fm
- > 360Learning
- > Workvivo

TIME MANAGEMENT TOOLS

- > Calendly
- > Everytime Zone
- > Tmetric
- > Clockwise

COMMUNICATION TOOLS

- > Dialpad
- > Slack
- > Nextiva
- > Loom
- > Troop Messenger

SYSTEM SECURITY TOOLS

- > Okta
- > Teamviewer
- > Scalefusion MDM
- > Nakivo





84%

of accounting practices have already trained or are in the process of training their employees to use the new digital communication tools.

TRAINING AND PREPAREDNESS

The figures on remote working in the pre-pandemic era show that the accounting profession was not ready to take the virtual route. However, the impact of COVID-19 forced practices to embrace the remote model of working and adopt digital communication and learning tools.

With the hybrid work model standing out as the first choice of most accounting firms in the UK, we were keen to assess practices' preparedness for it. Training being an essential part of preparation, we asked firms about their training plans for employees to use digital communication and collaboration tools.

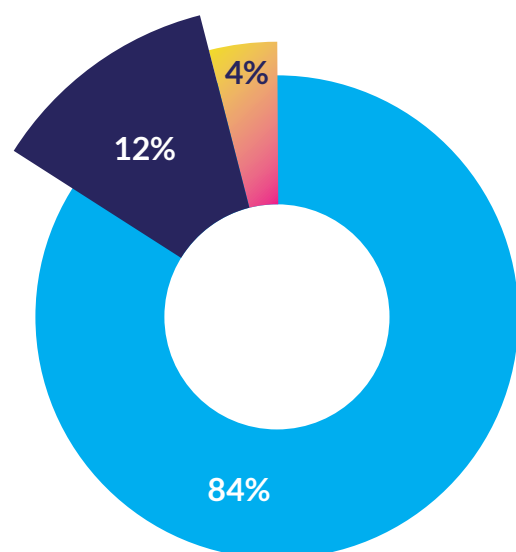
The good news is that 84% of accounting practices have already trained or are in the process of training their employees to use the new digital

communication tools. Surprisingly, 12% of the firms expect their employees to train themselves, while 4% have other plans.

A hybrid work model can function successfully when a firm's employees are effectively trained and skilled to use essential tools. Communication is an important day-to-day function. Accounting firms have a broad scope to implement better virtual training strategies to help their staff prepare for a digital work revolution.

ARE STAFF SUFFICIENTLY TRAINED TO USE COMMUNICATION AND COLLABORATION TOOLS?

- Yes
- No, we expect them to train themselves
- Others



MENTAL WELL-BEING IN A HYBRID SETUP

Mental health is an enormously discussed issue in the contemporary world. The pandemic brought the world to a standstill and hugely affected the mental health of individuals. To keep their workforce motivated and productive during the pandemic, organisations around the globe implemented specialised mental well-being strategies.

A look at the survey reveals alarming details about the mental health preparedness of the accounting profession. 44% of the accounting firms confirmed that they already offer mental wellness programmes for their employees, while a staggering 40% revealed that their firm did not have a formal mental wellness plan. 10% of the respondents noted that their firm has outlined a mental wellbeing strategy, while 6% revealed that they had other plans.

Mental health is an essential and deciding factor in employees' productivity. Accountants regularly deal with complex financial data and cumbersome compliance tasks. Owing to a staffing crunch in the industry, these professionals are often overworked and may lack a healthy work-life balance. Considering

the massive after-effects of COVID-19 and the changed work scenario thereafter, accounting firms must essentially conduct regular mental wellness programmes for their employees.

The fact that 40% of the responding accounting firms do not have a mental wellness policy in place speaks a lot about accountants' state of work and the massive scope for development in this area.

40%

of the sample revealed that their firm did not have a formal mental wellness plan.

MENTAL WELLNESS PROGRAMMES IMPLEMENTATION

44%

We already offer wellness programmes

40%

We are yet to layout a formal plan

10%

We have outlined and deployed a wellness strategy

6%

Other



FORMAL HYBRID WORK POLICY

Although the accounting profession has shown a specialised inclination toward the hybrid work model, many accounting firms only have vague plans for its implementation. This is evident from the results of the survey.

While 42% of the responses confirmed that they had a formal hybrid work policy in place, as many as 44% of responses revealed that they did not have a specific strategy. About 8% of the respondents stated that the question did not apply to their firm as they planned to implement a 100% onsite working plan.

Implementing a hybrid work model can be challenging for organisations, especially for accounting firms that function in a typically traditional manner. Firms must devise a robust hybrid work policy to make its execution smoother and more successful.

44%

of the respondents do not have a formal hybrid work policy in place.

DO FIRMS HAVE A FORMALISED HYBRID WORK POLICY?

42%

Yes

44%

No

8%

Not Applicable as we work 100 % from the office

6%

Other

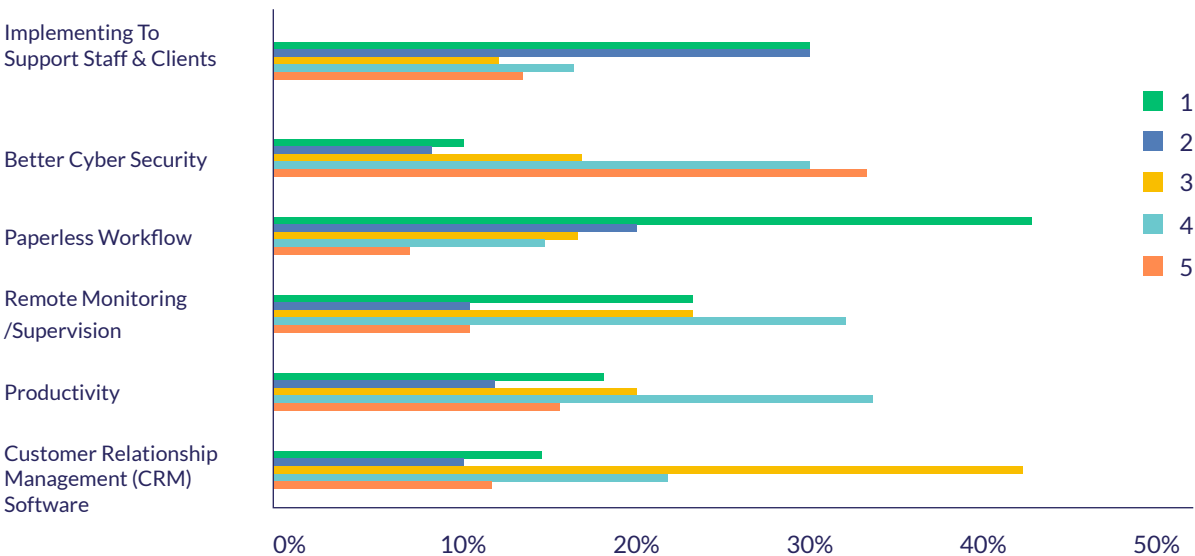
CHALLENGES OF REMOTE WORKING

Remote working has been challenging for several accounting firms as most of them were not prepared for its execution. We were keen to understand the specific challenges faced by accounting practices in the functioning of the remote working scenario.

Our study indicates that some of the biggest challenges faced by accounting firms were 1) developing a robust cyber security network, 2) monitoring or supervising staff in a remote environment, and 3) staff productivity. On the other hand, the matters of minor concerns were reported to be paperless workflow, and CRM systems.



BIGGEST CONCERNS OF REMOTE WORKING (ON A SCALE OF 1 -5, WITH 5 BEING THE MOST CONCERNING)



CONCLUSION: TRANSITIONING INTO THE HYBRID WORK MODEL

The process of transitioning from one system to another isn't easy. Before the COVID-19 pandemic, the world wasn't ready for a change in its way of working. However, the post-pandemic era demands that organisations, including accounting firms, reimagine the way they look at workforce management and formulate a robust strategy that accommodates the needs of all their employees.

The concept of the hybrid work model was conceived to strike a balance between onsite working and remote working. It offers a mix of physical communication and virtual independence to employees. Considering the convenience of this model and basing it on the fact that it is the most preferred choice of accountants, several accounting practices have switched to the hybrid work model.

It is important to understand that hybrid is here to stay at least for the time being. To transition into this new work model, firms need to understand its challenges and solutions and do it the right way.



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