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## Leading From Behind the Screen: Business Leaders Adapting to Virtual Performance Management

### Abstract

*Leaders of financial organizations do not have sufficient competencies to lead virtual employees, which contributes to lower engagement and retention rates. This qualitative inquiry technique study explored eight financial leaders' perspectives on the competencies required to effectively lead and engage a virtual team. Six themes emerged from the data: The importance of consistent, frequent communication to support engagement and collaboration in a virtual environment, the importance of leaders managing performance by holding employees accountable to achieve expectations while providing role clarity, clear priorities, and ensuring productivity, the importance of leaders getting to know their employees both personally and professionally, their goals and motivations, and encouraging and empowering employees to make decisions while providing development opportunities, the importance of having competence using technology effectively to communicate, enhance employee engagement, and be available to employees, the importance of leaders embracing new ways of work, changing technology, and different team dynamics while understanding and respecting work-life balance, and the importance of leaders recognizing the value each employee brings. Virtual leaders must adapt and improve their skills and methods in a remote setting to promote the success of their employees and achieve results.*

*Keywords:* Distributed work, team cohesion, transformational leadership, virtual performance management.

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### Introduction

Virtual work has become increasingly common and essential for businesses of all sizes and industries to remain profitable (Page & Schoder, 2019). The COVID-19 pandemic accelerated the adoption of technology by organizations and companies, forcing them to recognize that technology saves money and creates a strategic advantage (McKinsey & Company, 2021). However, the shift to virtual work challenged traditional work structures

and influenced talent attraction, management, and retention. Transformational leaders must lead organizations through sustainable change initiatives driven by economic uncertainty, technological change, globalization, and increased workforce diversity. As technology changes how employees interact and communicate globally, competition for talent, resources, and market share has increased (Page & Schoder, 2019). According to a recent survey, 63% of respondents expected remote working to remain in place throughout the recovery from the pandemic (McKinsey & Company, 2021). By the end of 2022, a quarter of all professional jobs in North America were remote, with the trend continuing to rise through 2023 (Robinson, 2023).

The return to office (RTO) polarized the dichotomy between remote and in-office work, resulting in tension and conflict within organizations. Some employees' perception of being compelled to return to the office against their wishes caused further strain. According to a survey by PricewaterhouseCoopers (PwC; 2021), 55% of employees preferred to work remotely at least three days a week, and 68% of executives believed that employees should be in the office at least three days a week to maintain a strong company culture. PwC also found that 39% of employees would consider quitting if their employers required them to be in the office full-time.

The COVID-19 pandemic accelerated the shift towards virtual work, and as a result, the role of leaders evolved. Leaders who managed both face-to-face and remote teams discovered the need to adjust their leadership style to manage their teams effectively (Alexander et al., 2021). The U.S. Department of Labor (2021) reported that the number of people working from home doubled in 2020, reaching 42%. In 2022, that percentage dropped to 38% (U.S. Department of Labor, 2022), and in 2023, de Visè reported that 30% of the United States workforce remains remote and that they have "dug in," refusing to return to offices. Thus, leaders must learn how managing a virtual or hybrid team requires different skill sets from a traditional face-to-face leader-employee relationship (Birkinshaw et al., 2021).

The sudden shift to a virtual environment resulted in some leaders being underprepared to manage their teams. Mawson (2020a) found that transformational leadership manages virtual workers effectively. However, Parker et al. (2020) found a gap existed in understanding how leaders adapted their style to manage online teams and what impact this adaptation made on their subordinates adjusting to remote work, especially in the financial industry.

### **Background**

Financial industry leaders face challenges adapting their leadership style to effectively lead their teams in a virtual environment (Parker et al., 2020). This challenge has a negative impact on effective performance management and employee engagement (Alexander et al., 2021). Virtual employment presents several hurdles, such as technological obstacles, heavy workloads, weakened relationships between leaders and employees, a lack of social interaction, and the blurring of the work-home boundary (Graves & Karabayeva, 2020). In addition, virtual leadership contains a new set of challenges and concerns for effective teamwork (Mehtab et al., 2017). Virtual leaders must develop specific skills to overcome disengagement and decreased retention rates compared to traditional workplaces in the financial industry (Kohntopp & McCann, 2019). The COVID-19 pandemic accelerated the shift towards virtual work, with 88% of organizations encouraging or requiring employees to work from home (Gartner, 2020). However, shifting to a virtual work environment can also present challenges, such as discomfort with technology, managing interpersonal dynamics, and distractions (Raffoni, 2020). Identifying leader competencies that can increase effectiveness and drive employee engagement in virtual work settings is critical for the financial industry to address these challenges.

### **Business Problem and Gap in Practice**

United States financial leaders lack the competencies needed to lead virtual employees, resulting in disengaged workers successfully and decreased retention rates in the financial industry (Birkinshaw et al., 2021). Many leaders failed to adapt from traditional face-to-face to remote working conditions (Alexander et al., 2021). While technology is essential for ensuring business continuity, adopting a long-term virtual workforce may risk team cohesion, workplace culture, and trust for leaders (Jackson, 2020). Leaders must ensure the maintenance of employee engagement to mitigate this risk. A lack of engagement could cause employees to feel isolated, unappreciated, and dispassionate towards achieving organizational goals, leading to increased turnover (Caramela, 2021).

### **Framework, Theory, and Literature Review**

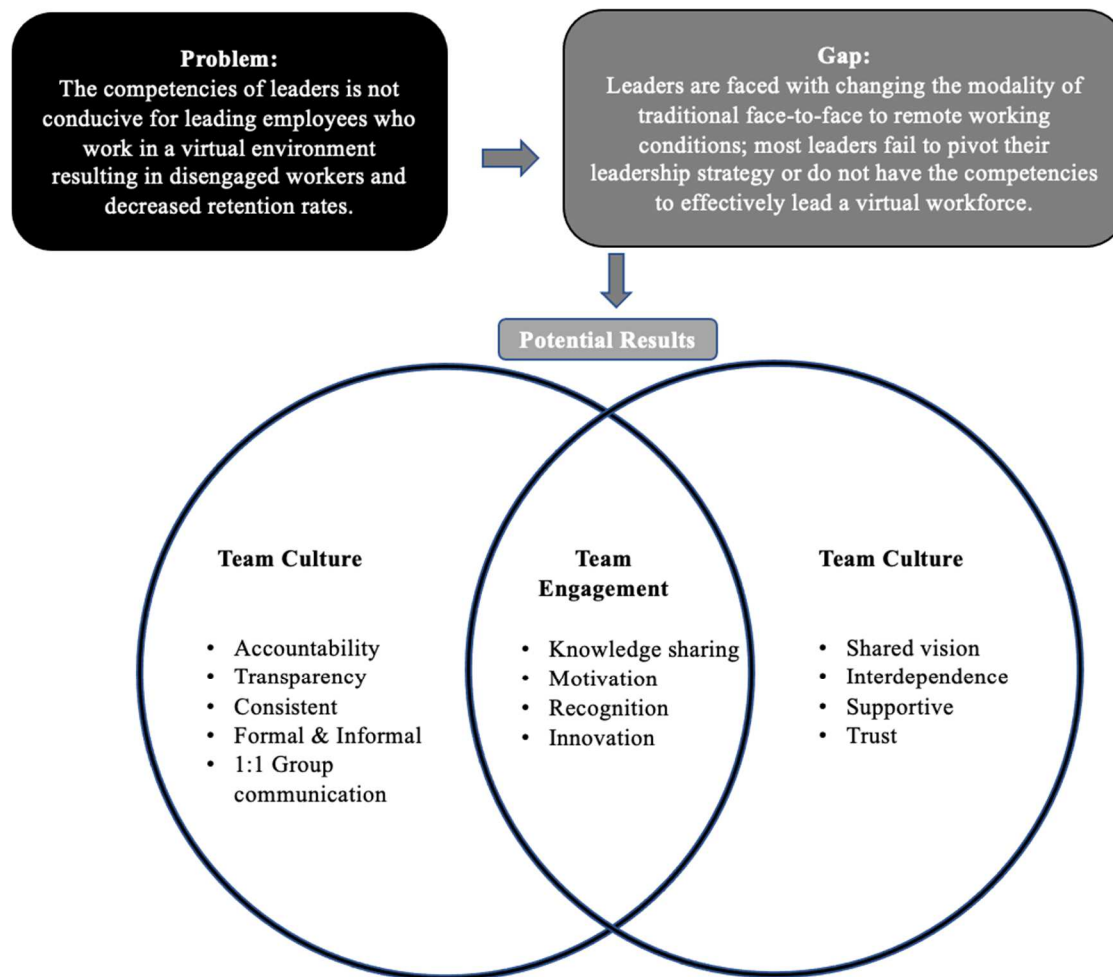
This study was conducted based on a review of scholarly and practitioner literature, with guidance provided by an applied framework of concepts, a business problem, and an identified gap in current practices.

## Applied Framework

Figure 1 illustrates the business problem of an increase in disengaged remote employees within the U.S. financial industry. This problem has led to a gap in practice: the inability of leaders to pivot their leadership style and adopt the competencies to lead an engaged workforce and increase retention effectively. By increasing their skills and competencies, leaders will be better equipped to lead and engage their teams (Folkman, 2021).

**Figure 1**

*Virtual Leadership Competencies Framework*



*Note.* The framework combines the transformational leadership framework (Rolfe, 2011), the interactive research framework of a task (Aleem, 2021), and the model of knowledge sharing between individuals in organizations (Ipe, 2003). This framework links the problem, gap, and benefits of problem resolution to demonstrate the skills and competencies needed to meet the demands of a digital workforce.

## Virtual Leadership

Alward (2018) conducted a qualitative phenomenological research study to understand the leadership behaviors associated with a high-performing virtual team. Alward concluded that several factors contributed to the success of virtual leaders, including training and development, trust, emotional intelligence, employee recognition and motivation, communication/teambuilding/technology, leadership style, and virtual leadership competencies.

Engaging and recruiting a virtual team allows employers to capitalize on top talent and offers the ability to gain access to a diverse skillset (Deloitte, 2021). Farrer (2019) indicated that moving to a virtual work model saves organizations an average of USD 11,000 per year per employee, as operational costs and attrition rates are lower while increasing productivity. Comella-Dorda et al. (2020) concurred that a virtual team could be as productive and valuable as traditional co-located teams if the right technology and tools were in place. A co-located work environment is where employees work in the same physical location, such as an office (NoHQ, 2020).

### **Leadership Style**

One critical element to successful virtual leadership is communication, as virtual communication is often less influential than in-person communication (Meyer, 2010). Bailey (2013) concurred and indicated that virtual teams are disadvantaged by lacking daily informal communication in co-located teams. Ferrazzi (2014) stated that most people consider virtual interaction less productive than face-to-face communication.

Comella-Dorda et al. (2020) explained that when changing a team from a co-location to a remote setting, the work culture will shift, which requires leaders to revisit team norms and adapt their coaching approach. Coaching employees and providing autonomy for problem-solving will be critical to a remote worker's success, as they have fewer physical resources and are removed from other team members (Darmody, 2021).

### **Virtual Team Performance**

de Lucas Ancillo et al. (2020) conducted a grounded theory research study based on publications, interviews, and surveys which indicated the COVID-19 pandemic would likely result in workplace redesign, technology, digital strategy, and an increase in remote working. In addition, Chamakiotis et al. (2021) indicated that the COVID-19 pandemic's long-term impact on work design is challenging to forecast; however, evidence shows some employers have revealed their plan to continue remote work, and the vast majority of employees have embraced remote work.

Reiche (2013) explained that virtual workers might feel isolated without regular communication. Therefore, leaders should regularly contact virtual employees and include personal discussions and work issues to build relationships. Influential virtual leaders have good communication skills and high emotional intelligence (Ferrazzi, 2014).

Remote workers need communication to succeed (Elkins, 2020; Farrer, 2020). Zetlin (2020) supported this idea indicating that communication is the most critical leadership skill; therefore, virtual leaders must schedule regular phone and video chat meetings with remote employees. Since nonverbal communication accounts for 70–93% of typical, day-to-day in-person communication, this increases the need for regular and targeted communication with remote employees (Elkins, 2020).

Mawson (2020b) posited that trust is fundamental to team cohesion and the effectiveness of virtual teams; however, leaders need to shift their leadership style to support the success of their employees better. Comella-Dorda et al. (2020) also agreed that the transition from co-located teams to remote teams could reduce cohesion and lead to a lack of trust and increased inefficiency within the team. Comella-Dorada et al.'s study further revealed that 80% of respondents indicated increased communication would benefit their relationships with other team members and leaders. Elkins (2020) suggested that leaders must increase communication to support and boost employee trust. Farrer (2019) noted that remote work could be highly collaborative and foster even more engagement than co-located teams because of leading efforts for increased communication and trust.

### **Research Technique**

This study utilized a generic qualitative inquiry approach to investigate leaders' perspectives in the U.S. financial industry regarding the competencies required for virtual leaders to enhance employee engagement, increase productivity, and increase retention rates.

### **Participants**

We utilized purposive sampling to recruit participants through User Interviews, a third-party vendor. Selection criteria included:

- Minimum 5 years experience working in a leadership role within the U.S. financial industry;
- Experience leading co-located and remote teams within the past 5 years;

- Primary work location is within the United States; and
- Fluent in the English language.

**Table 1***Participant Demographics*

Participant	Occupation	Type of organization	Validated
P1	Controller	Healthcare	Y
P2	Business owner	Finance company	Y
P3	Senior manager	Tax accounting & consulting firm	Y
P4	Process improvement manager	Financial institution	Y
P5	Supervisor	Banking	Y
P6	Assistant controller	Franchise	Y
P7	Managing director	Wealth management	Y
P8	Product owner or product manager	Insurance	Y

*Note.* All participants were validated through User Interviews, then by the primary author using LinkedIn.

### **Data Collection and Analysis**

The interview process included a semistructured interview protocol vetted by expert interviewers and field-tested. Open-ended and follow-up questions allowed a deeper understanding of the participants' perspectives. The interview questions included the following:

- Could you describe to me examples of competencies that you believe are required for virtual leaders to enhance employee engagement?
- Please share with me examples of competencies leaders are required to have to support a virtual team culture of shared vision, interdependence and trust.
- Can you explain what competencies you believe are required to enhance team innovation/creativity?
- Describe what competencies are required for virtual leaders to enhance employee productivity?
- What is your perception on the quality of work performed when in a co-located environment versus a virtual environment?
- Please share with me what competencies you believe are required for virtual leaders to enhance employee retention.
- Please describe any training or development opportunities that support the competencies you identified that should be offered to leaders moving into a remote environment.
- Can you explain what advice would you give new remote leaders regarding the competencies needed to successfully engage a virtual team and increase retention?
- What other information can you provide about the competencies required for virtual leaders to enhance employee engagement, increase productivity, and increase retention rates?
- Do you have any additional information you would like to share about your leadership role, or competencies to lead a virtual team that was important to your leadership success in a virtual environment?

## Coding

The data analysis plan included thematic analysis using deductive coding, adding codes where necessary, following Braun and Clarke's (2006) 6-step process. Software used during the coding process included Microsoft Word and Microsoft Excel to create tables to manually enter and organize codes, categorize codes, and finally derive themes.

As we coded each relevant transcript segment, we noted patterns of repetition. We identified codes as competencies brought forward by the participants in the interview transcript and added new codes as they emerged to reflect the collected data. Table 2 identifies the preliminary codebook, definitions of each code, and examples of wording from the transcripts that applied to each code.

**Table 2**

*Preliminary Codebook*

Code	Definition of Code	Examples
Care	Getting to know employees, personally and professionally	Goals, motivations, non-work related, building relationships
Recognition	Recognizing value of employee	Contributions, value, areas of strength
Communication	Communication with employees, connection, feedback	Communication, talking, listening, engaging
Productivity	Accountable for commitments, stay organized and prioritize. Set expectations. Metrics, checking in on employees, KPI's, reporting results.	Deadlines, accountability, metrics, reports
Empowerment	Encourage employees to make decisions, connect and learn from each other	Empower, collaborate, motivate
Flexibility	Embrace change, work life balance, flexible to employee needs	Flexibility, change, work life balance
Events	Holding virtual events, opportunities for engagement	Events, engagement
Technology	Using technology for interaction, communication, events	Technology, internet, platform, software
Vision	Understanding where the business is going, encouraging innovation and creativity.	Vision, growth, innovation, creativity
Trust	Not micromanaging, leaving employees to manage workload on their own.	Trust, not micromanaging
Organized	Prioritize tasks and projects. Setting expectations, deadlines and agendas	Priorities, setting agendas, due dates, organized

We then conducted a secondary coding review and revised the codes to better reflect the transcripts' information. During the second round of coding, we used the new codes listed in Table 3, which included the words used when coding the transcripts and the definitions of each code. The purpose of the secondary review was to finalize the codes and accurately represent the data, as reflected in Table 3.

**Table 3***Finalized Codebook*

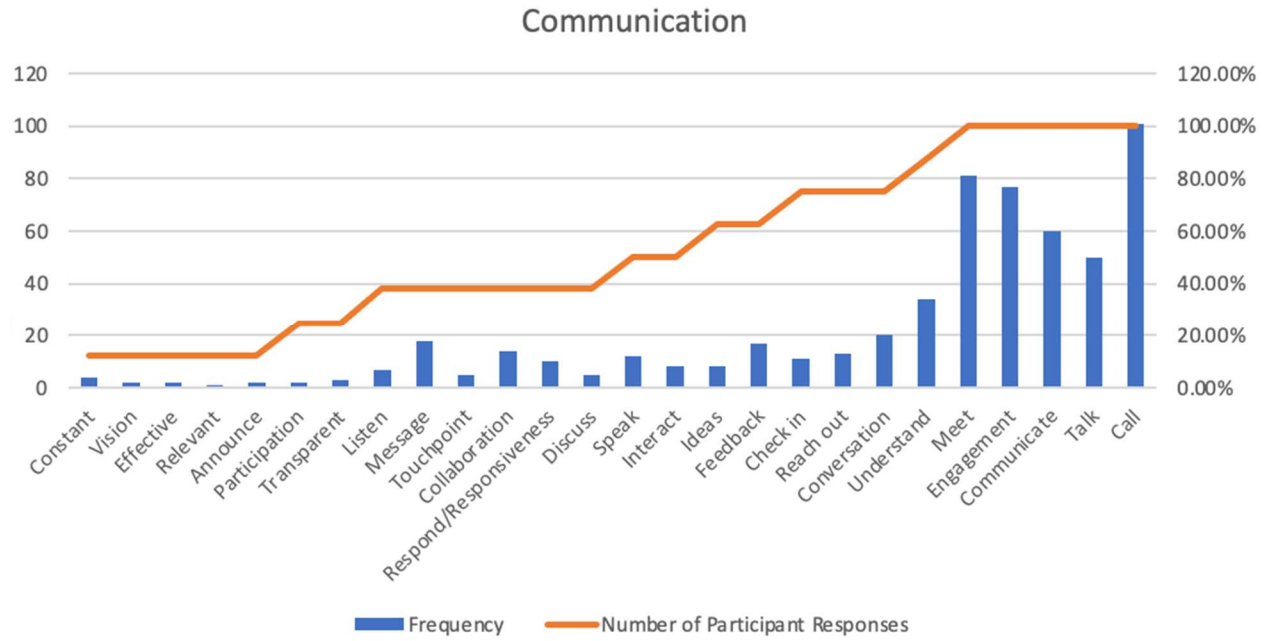
Code	Definition of Code	Examples
Relationship	Getting to know employees, personally and professionally	Goals, motivations, non-work related, building relationships
Recognition	Recognizing value of employee	Contributions, value, areas of strength
Communication	Communication with employees, connection, feedback	Communication, talking, listening, engaging
Productivity	Accountable for commitments, stay organized and prioritize. Set expectations. Metrics, checking in on employees, KPI's, reporting results.	Priorities, deadlines, organization
Empowerment	Encourage employees to make decisions, connect and learn from each other	Empower, collaborate, motivate
Flexibility	Embrace change, work life balance, flexible to employee needs	Flexibility, change, work life balance
Events	Holding virtual events, opportunities for engagement	Events, engagement
Technology	Using technology for interaction, communication, events	Technology, internet, platform, software
Vision	Understanding where the business is going, encouraging innovation and creativity.	Vision, growth, innovation, creativity

**Word Frequencies and Their Respective Codes**

In the third step of the data analysis process, we determined how word frequencies aligned with the codes identified in the literature and subsequently in our review of the data. The top five most frequently utilized words were call, meet, engagement, communicate, and talk. See Figures 2 to 9 for the statistics and frequencies of codes and words.

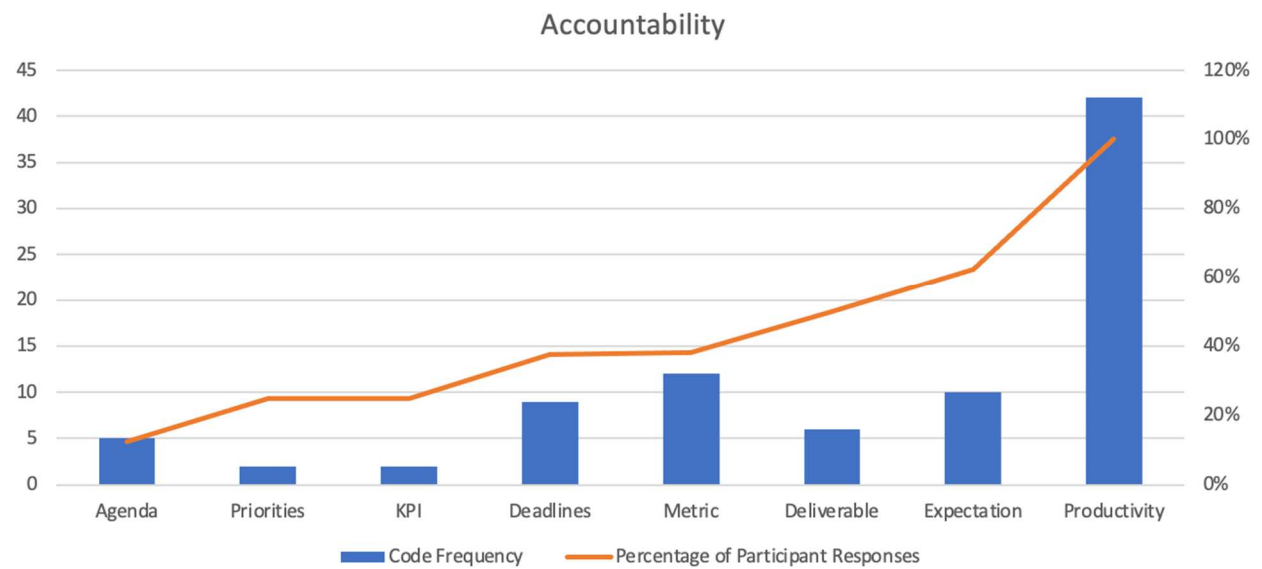
**Figure 2**

*Communication Word Frequencies and Percentages*



**Figure 3**

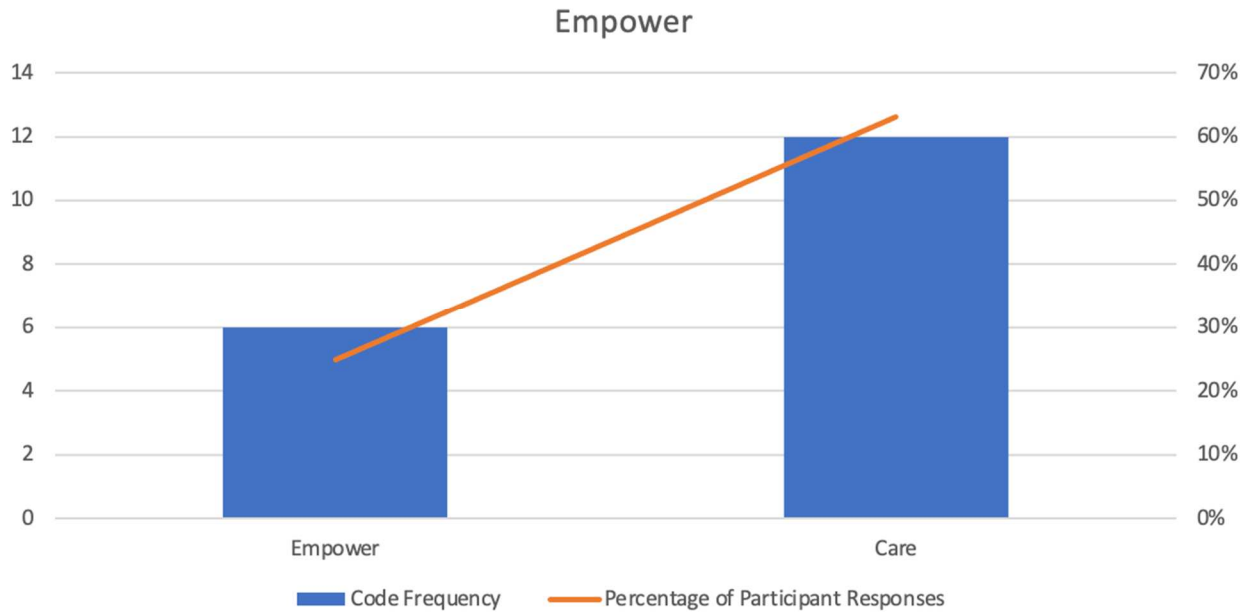
*Accountability Word Frequencies and Percentages*





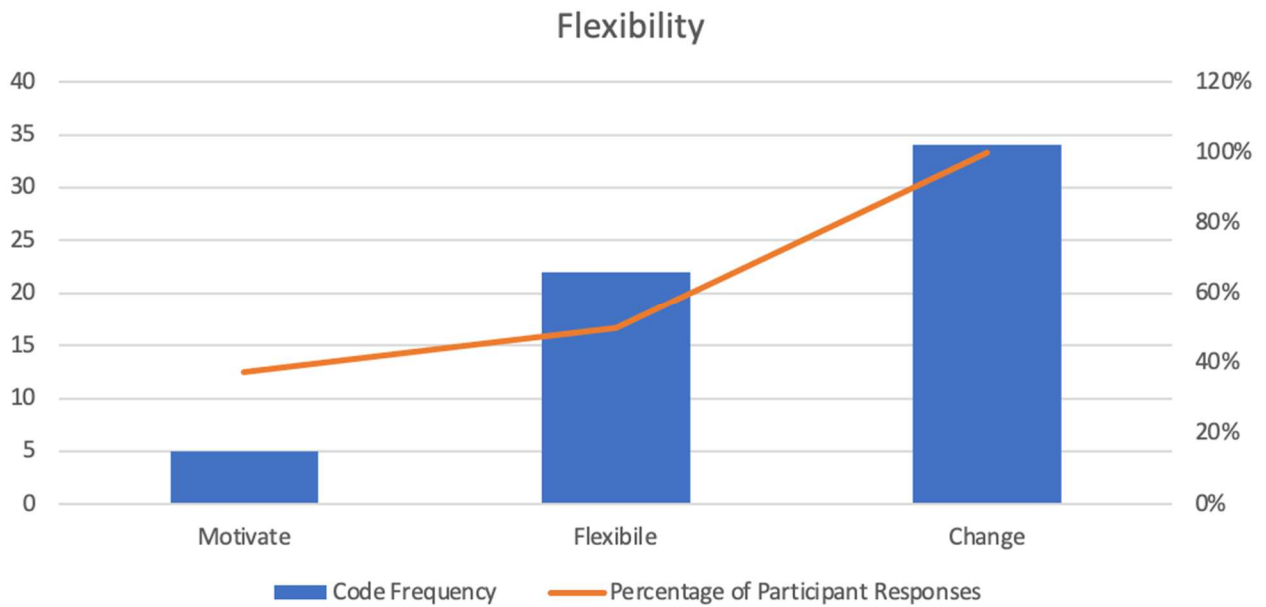
**Figure 4**

*Empower Word Frequencies and Percentages*



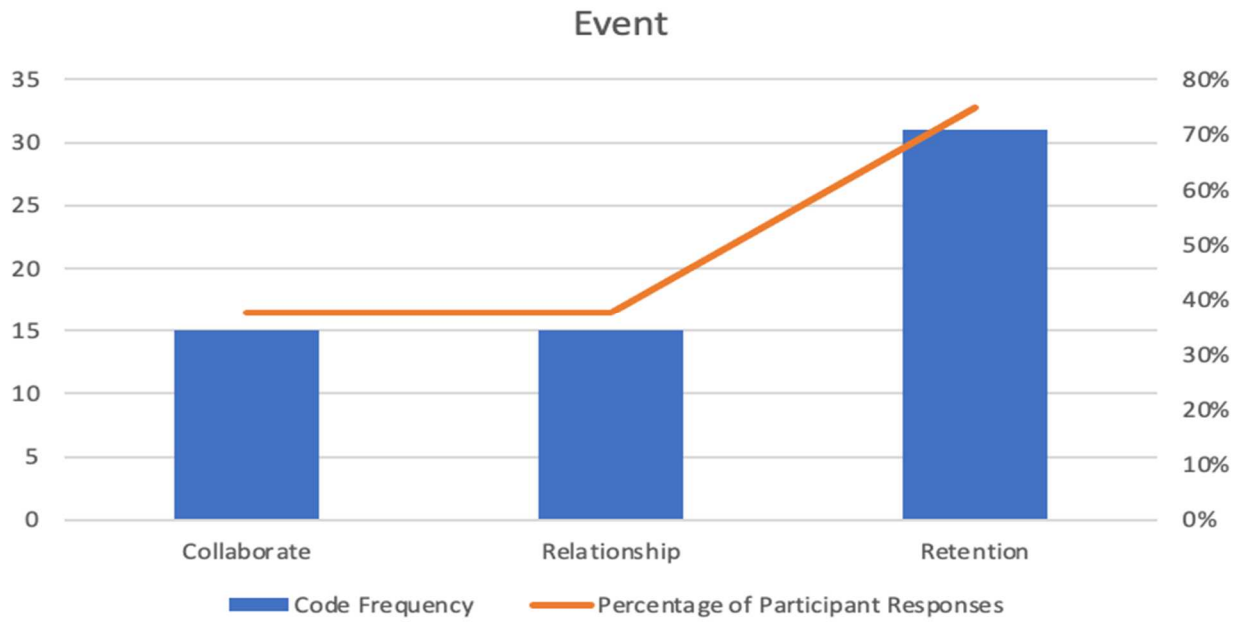
**Figure 5**

*Flexibility Word Frequencies and Percentages*



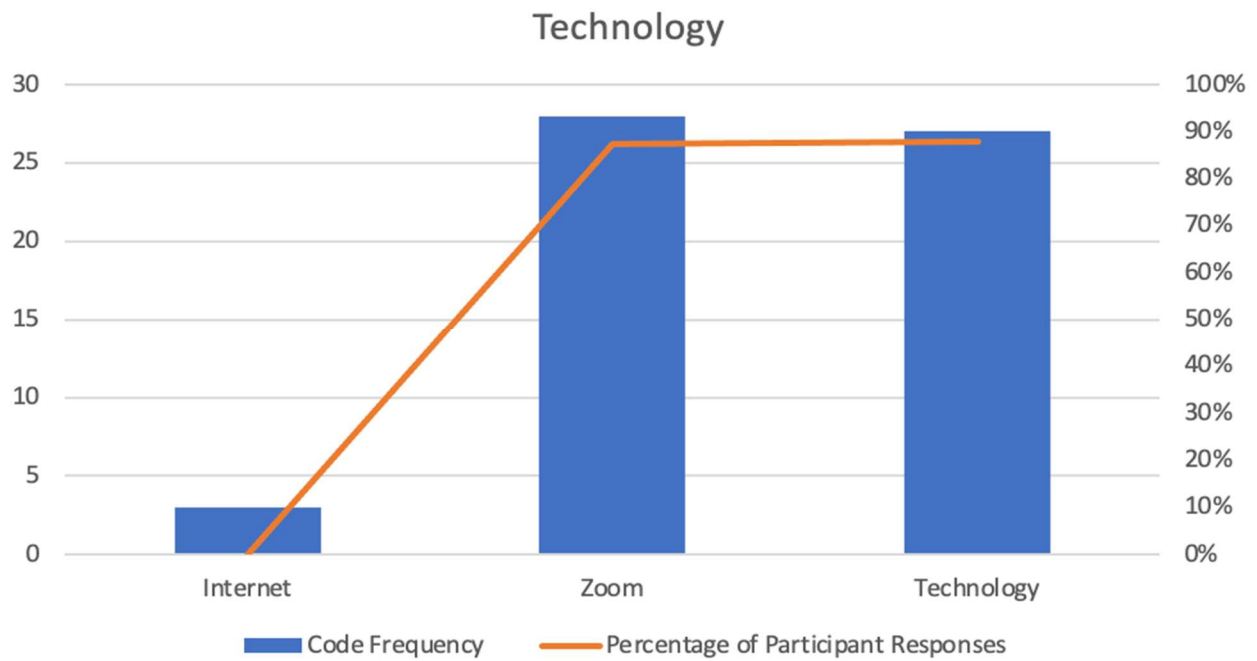
**Figure 6**

*Event Word Frequencies and Percentages*



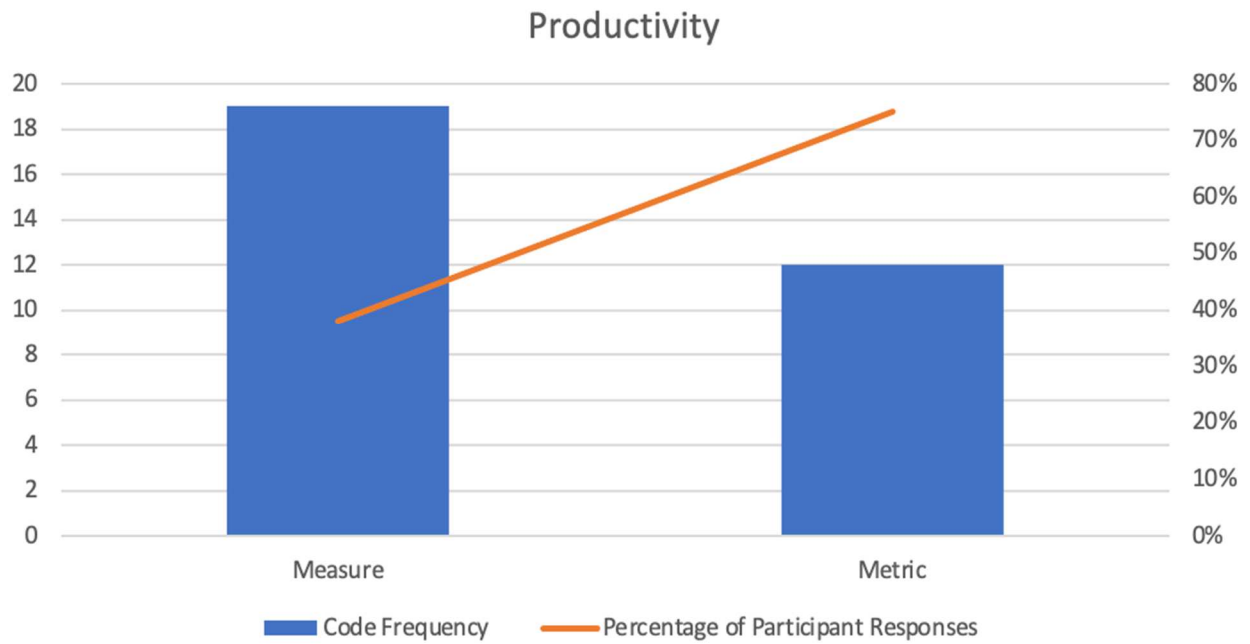
**Figure 7**

*Technology Word Frequencies and Percentages*



**Figure 8**

*Productivity Word Frequencies and Percentages*



**Figure 9**

*Vision Word Frequencies and Percentages*

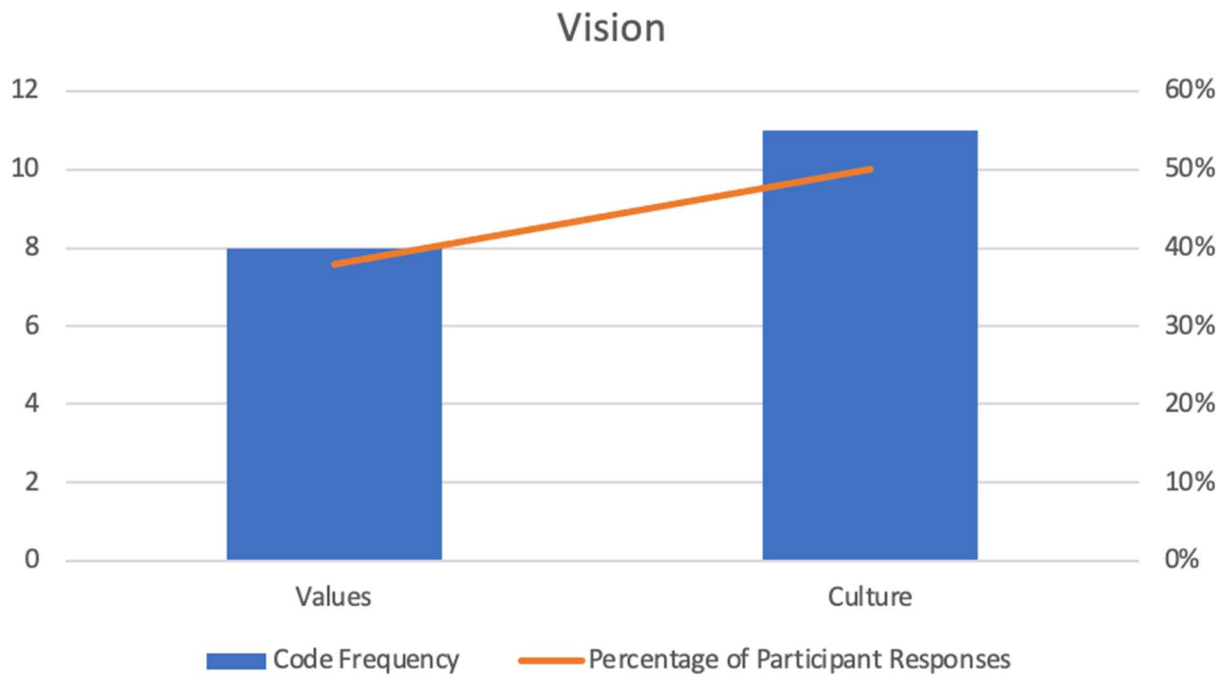
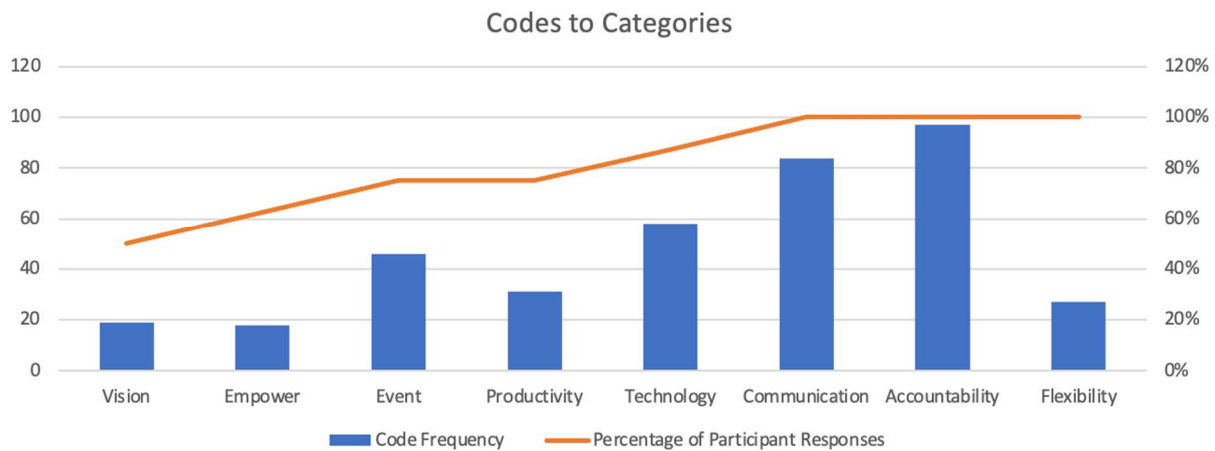


Figure 10 depicts the final list of categories, detailing the frequency and percentage of responses.

**Figure 10**

*Final List of Codes to Categories from Participants' Transcription Data and Word Frequency*



**Codes and Word Frequencies into Patterns and Themes**

We identified themes aligned with the project question's engagement, productivity, and retention aspects. However, these themes did not effectively represent the collected data once we considered the codes. After we reorganized the codes, we defined new themes that emerged. These themes are descriptive and align with the project question of competencies required to enhance employee engagement, productivity, and retention.

We reviewed each theme in the fourth step, ensuring they did not overlap, although they were somewhat interrelated. In the fifth step, we defined and named each theme, refining them to ensure they were clear and had adequate descriptions representing the collected data. The final step was to assemble the data collection and analysis to answer the project question in the report.

The thematic analysis process relies on organizing the data using codes. We derived themes from patterns and interpretations within the transcribed data, with each theme supported by the data outlined in Table 4. We used word frequency to identify the top perceptions of participants concerning the interview questions posed. The actions of communicating and interacting, as reflected in the frequent use of words such as call, meet, engagement, communicate, and talk, were prominent. The data yielded six overarching themes, which we defined in Tables 5 through 10.

**Data Support for Themes**

Table 4 shows the importance of consistent communication in supporting engagement in a virtual environment.

**Table 4***Support for Theme 1*

Participant	Quote
P4	Thinking about all the different tools and resources out there that can contribute to like a virtual environment and how to think of, like I said, innovative ways to reach employees to make employees feel like they're still a part of the company are part of the team, I think it takes some [sic] innovation and creating tools and resources at least internally to keep employees engaged.
P5	Virtually creating a sense of team and calling the group on a certain cadence like weekly or having a monthly type of event, where we talk about birthdays, is really essential to being a virtual leader because once you lose that communication with them you start losing that engagement with the employee.
P8	We had to change our style of communication clearly, so you have to be a strong communicator. And that communication, you know, is now mostly being done digitally, so you have to be comfortable as a communicator through not only email but conference calls, more so Zoom calls like this, where you're basically leading, but you're not in front of people, so you have to be comfortable with sort of that change in communication style. And I think it requires more touch points, so reaching out to people more often than you would have been in an environment.

*Note.* Theme 1: The importance of consistent, frequent communication to support engagement and collaboration in a virtual environment represents.

Participants expressed a need to ensure continuous two-way communication between the leader and the employees. All participants spoke of the importance of communication to support employee engagement. Participants mentioned that they mostly communicated with workers using technology for virtual environments. They also commented about making communication intentional.

For example, when asked about leadership competencies to enhance employee engagement, P1 indicated, "Communication is the biggest one if you're getting a clear vision from who you report to, and then you effectively communicating that to your direct reports," and P7 stated, "focus on strong communication. Strong communication skills, you know inter-team communication, leadership communication embracing technology." Specifically, participants indicated communication should be frequent, consistent, and encompass work- and nonwork-related interactions to support collaboration and cohesion. Additionally, leaders must consistently communicate the vision, goals, and expectations. Relating to the project question, the analysis indicated that the participants use communication strategies to help create a culture of inclusion, collaboration, and enhanced employee engagement.

Furthermore, participants indicated that as a leader, ensuring frequent communication supports relationship building and helps the leader ensure employees are productive while enhancing employee engagement through formal and informal channels. For example, all participants indicated they incorporate various technologies to connect with their employees. Additionally, six participants shared that they enhance engagement by holding virtual events to support communication and collaboration.

The support demonstrated in Table 5 emerged from participants' responses about the competencies required to effectively lead a virtual team by enhancing employee engagement and increasing productivity and retention.

**Table 5***Support for Theme 2*

Participant	Quote
P3	I think what I've seen is that now we've kind of gotten into the road where we're getting more efficient, as we go, and we've kind of learned how to work better, as a team remotely than I think honestly we even ever did physically, which is kind of to me was kind of surprising, but that's what the metrics are showing you know we're actually doing even better from a metric standpoint than we were before, when we were back in the office.
P5	I would recommend to create a more structured work from home we kind of started from. everybody's going home and we'll work it as it goes, so when everybody goes home or you work from home to really give the expectations. In the beginning of everything and really have those expectations be concrete.
P6	"Performance to in terms of productivity and engagement that way in terms of you, knowing that they were getting their things done."

*Note.* Theme 2: The importance of leaders to manage performance by holding employees accountable to achieve expectations, provide role clarity and clear priorities, and ensure productivity.

Participants indicated that working in a virtual environment had no change or increased productivity in a remote setting. However, ensuring employees have a clear understanding of their expectations and priorities and keeping on top of metrics that drive results was an area identified by several participants as critical to their success. Relating to the project question regarding productivity, the analysis indicated that communicating clear expectations while monitoring results is critical to success. For example, five participants indicated that leaders must ensure employees know their priorities, expectations, and deadlines. Additionally, several participants indicated they focus more on metrics when measuring productivity. For example, P4 stated:

The focus a little bit is more on, not on the person, but on the actual results, the execution and results so you still can make [sic] you still can measure productivity, but it's from a different, I guess different perspective.

P5 indicated:

The fact that we're more hyper aware of it makes productivity a larger goal and more stressed and concerned like I have wrote more people at for productivity being out of office than in office, because we watch it so diligently.

The data indicated that holding employees accountable for their productivity has become more critical now that they cannot see them working.

The collected data led to the conclusion that the best practices for leaders to increase productivity include prioritizing activities, communicating KPIs, understanding the employee's focus, and frequently checking in with employees. P1 indicated, "in the meetings, we have KPIs that I know what they're doing, and if they're meeting those goals and targets throughout the week or month, so that's kind of another way to keep track," similarly, P6 stated as a leader it's important to "know what's your plan for the day, what do you have on your plate, what do you need help with. Making sure that there was at least that acknowledgment of okay, these people are doing this today".

The data collected that led to the creation of the theme centered around the importance of holding employees accountable. Additionally, managing performance through metrics offers insights into areas where an employee may face challenges and provides opportunities for further development.

The next theme emerged from participant responses relative to the competencies required to effectively lead a virtual team by employee engagement increasing productivity and retention. Table 6 shows the identified theme with direct quotes from participants supporting the theme.

**Table 6***Support for Theme 3*

Participant	Quote
P1	“Interactions of going over somebody's desk and seeing how they're doing. I think you lose that personal experience and a personal touch when you're just on a call or teams call or even just a conference call.”
P3	“I think part of being a leader is also looking for ways to develop like to keep developing that personal relationship with your team.”
P5	Yes, having some type of interest in who they are, as people and kind of more personal helps with engagement. In relating to them, even though you're not in the same place together, so knowing their birthdays calling them on their birthdays, doing things like that outside of work related matters really helps build engagement and makes the employees feel like we care we're listening.
P8	Much more regular check ins and removing some of the metrics that have been purely production based and having more, you know, had having management or having the managers have engage much more so on how the employee is doing.

*Note.* Theme 3: The importance of leaders getting to know their employees personally and professionally, their goals and motivations, and encouraging and empowering employees to make decisions while providing development opportunities.

Participants expressed a need to engage with employees using various modalities to support team collaboration, enhance engagement, and increase retention. Specifically, when asked about employee retention, participants indicated that engaging employees through consistent communication, events, and promoting company culture were key areas leaders should focus on. For example, P6 shared, "driving a culture and establishing culture, along with establishing personal relationships," and:

I think we have to bridge that gap and make sure that they do feel like it is an actual company, on the other end, there's actually a relationship, you have with these folks that you feel like you're a part of the growth of that company [was important to enhancing employee engagement].

The data collected indicated that the change to a remote environment did not overly impact retention; however, the labor shortage has highlighted the need to engage and retain employees.

The data analysis revealed a strong correlation between building relationships, recognizing employee efforts, and employee engagement and retention. Participants indicated that building relationships through work-related and nonwork-related activities is critical to successfully engaging and retaining employees. Relationship building must be intentional, as the virtual environment removes the ease of building relationships as in a co-located environment. Leaders have created opportunities to engage with employees through informal communication and formal events in a virtual setting. Additionally, challenging employees and empowering decision-making are essential to building relationships. Relating to the project question, the analysis indicated that building relationships help create a culture of inclusion, trust, and communication, enhancing employee engagement and retention. The relationship between leader and employee and within the team should support employee engagement and retention.

The data shown in Table 7 is derived from participant's responses relative to the competencies required to effectively lead a virtual team by enhancing employee engagement, increasing productivity and retention.

**Table 7***Support for Theme 4*

Participant	Quote
P1	I think that the technology, maybe that's it or the upgrades and the systems that I think, have made it a lot easier to not only the talking to visualize but to share information to share screens and to pass files, you know across each other more easily than just through email.
P2	This was a new situation for us, dealing with the COVID and we need to learn how to make the best of it and we had a lot of upper management meetings, as well as full company meetings on zoom to hear what everyone had to say.
P7	There's a huge technology, you know, counterpart to it that you need to be more comfortable with everything from chatting online to, you know, being in front of the camera on your computer all day sometimes, so multitasking, I feel like good or bad, it has been significantly increased as a result, because you're handling emails you're maybe on a zoom meeting you're fielding calls.
P8	But the willingness to adapt to and utilize the tools and resources that are available that one I found to be much more valuable. So, the use of technology. As much as I hate to say it, there is no employee that's going to give respect to a manager who can't figure out how to use your it's just the reality of it, so there you know some level of aptitude with the resources that are available to them.

*Note.* Theme 4: The importance of having competence using technology effectively to communicate, enhance employee engagement, and be available to employees.

Participants expressed the need for leaders to embrace technology and ensure they have the tools to communicate effectively and interact with their teams. All participants spoke of the importance of leaders' competence in using technology to manage their teams effectively. For example, P7 indicated that leaders should "embrace technology and make sure, as a leader, that you have the right technology in everyone's hands." Six of eight participants indicated that technology supported employee engagement through virtual events, allowing employees to connect to build personal relationships and promoting collaboration and cohesion. For example, P4 shared that their organization used technology and indicated:

Creating like virtual [sic] webinars creating like virtual like games, so I'm thinking about like the employee, like our employee appreciation week where it was also related, but we did like cooking classes, and we did like virtual escape rooms and different things like that.

The data collected that led to the creation of the theme centered around the importance of being comfortable leading employees through technology. The analysis indicated that ensuring leadership competence using the tools available to communicate, engage, and monitor employee productivity is critical. In a remote environment, leaders and employees rely on technology to succeed.

Table 8 reflects the participants' responses regarding competencies required to effectively lead a virtual team by enhancing employee engagement, and increasing productivity and retention.



**Table 8***Support for Theme 5*

Participant	Quote
P3	I think we've had to be much more flexible, of course. Now you know everybody's kind of a home, you have, like I said, distractions some people might have kids. Back at home that they obviously have to take care of and everybody has a different situation so we've kind of learned to be more flexible of that aspect.
P7	A lot of people left at the end of the day and didn't open the computer and here people might stop to make dinner and sit down and then they're back on the computer at night so there's a lot more working off hours and sending emails, so I think it's created a mind shift like doesn't mean the person is not working, it just means that their hours have shifted and are getting it done at a different time of the day than they used to get work done.
P9	Just really changing the way that we do work or think about work and some of the [sic] impact, when you think about team dynamics...  ...like change having a mindset of change management and innovation, where you're just you have like this growth mindset like you're just open so like change and understanding the environment understanding your employees understanding that people's lives are now a little bit more like collided with everything like work isn't just like work home isn't just home.

*Note.* These quotes supported the theme: The importance of leaders embracing new ways of work, changing technology, and different team dynamics while understanding and respecting work-life balance.

The theme, the importance of leaders embracing new ways of work, changing technology, and different team dynamics while understanding and respecting work-life balance, represents data derived from participants' responses relative to the competencies required to effectively lead a virtual team by enhancing employee engagement and increasing productivity and retention. All participants indicated they needed to adapt to a new work environment when the COVID-19 pandemic forced a shift into a virtual work setting. The data suggests leaders need to be open-minded to the differences a remote work environment presents. For example, P7 shared:

Over time what I realized is people were working more hours. And more productive just maybe taking breaks to do the things that were important to them during the day that the remote schedule allowed them to do.

Similarly, P4 stated:

Leader just has to be open. I'm open to change and the environment when it comes to productivity and how productivity may look different than what it did years ago, so just being open minded to it all like, regardless of what it is, is being open.

Further, the analysis indicates that giving employees the ability to flex their hours and control their day while still being productive is an important consideration for leaders. For example, P1 shared that he did not expect employees to be at their desks during certain hours if their deadlines were honored. Relating to the project question, the analysis indicated that leaders who are flexible in their approach, embrace new ways of work, change technology, and understand that personal and professional lives are more interrelated in a virtual environment are important to employee engagement, productivity, and retention. The data indicated that employees could control their schedules and meet personal and professional demands. Additionally, the opportunity for remote work is an area of attraction for talent, reducing turnover.

Support for the final theme, Table 9, emerged from participants' responses about the competencies required to effectively lead a virtual team by enhancing employee engagement and increasing productivity and retention.

**Table 9***Support for Theme 6*

Participant	Quote
P4	“Employee appreciation week that kind of made people feel like included or to like show off their different organizations and the things that they’re involved with.”
P6	I think, initially, it has to be kind of driven by the leader, but I think it's been setting that mindset that yeah, hey he accepted. Some sort of suggestion or we’re working on solution that I’ve come up with so now, I feel like I’m empowering it's empowering them to feel that they can make those suggestions right, and then it comes to kind of snowball that as you empower them more and more they come up with more suggestions and they feel like they're creating change.
P7	“It's important to recognize people for their achievements, both you know verbally, if possible, and when it makes sense compensation or monetarily.”

*Note.* Theme 6: The importance of recognizing the value each employee brings, mentor employees, recognize contributions, areas of strength and provide feedback on areas for development.

The data collected indicated that leaders recognize the value and contribution of each employee, and helping the employee understand the value and contribution they bring to the organization is an essential area for leaders to leverage employee engagement. The data further indicated that the cadence of intentional recognition should be increased in a virtual setting due to the lack of visibility and opportunities for informal interaction throughout the workday. P3 indicated, “you have to kind of recognize your employees a little more than you used to.” Utilizing intrinsic and extrinsic rewards such as recognition emails or compensation are important aspects of success in leading a virtual team and enhancing engagement. For example, P1 shared that challenging and empowering employees are important:

And then the reward for him isn't necessarily a salary, but it's a, you know, it's an email that says, hey great accomplishment, and I copied the CFO and CEO. So, if he sees that you're like, oh wow you know, that was really nice, so to him that engagement is as important, that validation is important.

### **Summary of Themes and Answer to Project Question**

This qualitative study sought to understand the perspectives of leaders in the U.S. financial industry regarding the competencies needed by virtual leaders to improve employee engagement, boost productivity, and increase retention rates. The results suggest that virtual leaders must adapt and improve their competencies and practices in a remote environment to promote employee success and achieve results. This is particularly important for organizations as they strive to balance the needs of employees, the organization itself, and the legislative requirements arising from the COVID-19 pandemic. Leadership competencies centered around communication and team culture are critical to success (Gill, 2021). The applied framework (Figure 1) illustrates the relationship between leadership competencies to employee engagement, which drives performance (Craig, 2017). The six themes that emerged from the study further supported this relationship.

1. The importance of consistent, frequent communication to support engagement and collaboration in a virtual environment.
2. The importance of leaders to manage performance by holding employees accountable to achieve expectations while providing role clarity, clear priorities, and ensuring productivity.
3. The importance of leaders getting to know their employees both personally and professionally, their goals and motivations, and encouraging and empowering employees to make decisions while providing development opportunities.
4. The importance of having competence using technology effectively to communicate, enhance employee engagement, and be available to employees.

5. The of importance leaders embracing new ways of work, changing technology, different team dynamics while understanding and respecting work life balance.
6. The importance of leaders recognizing the value each employee brings.

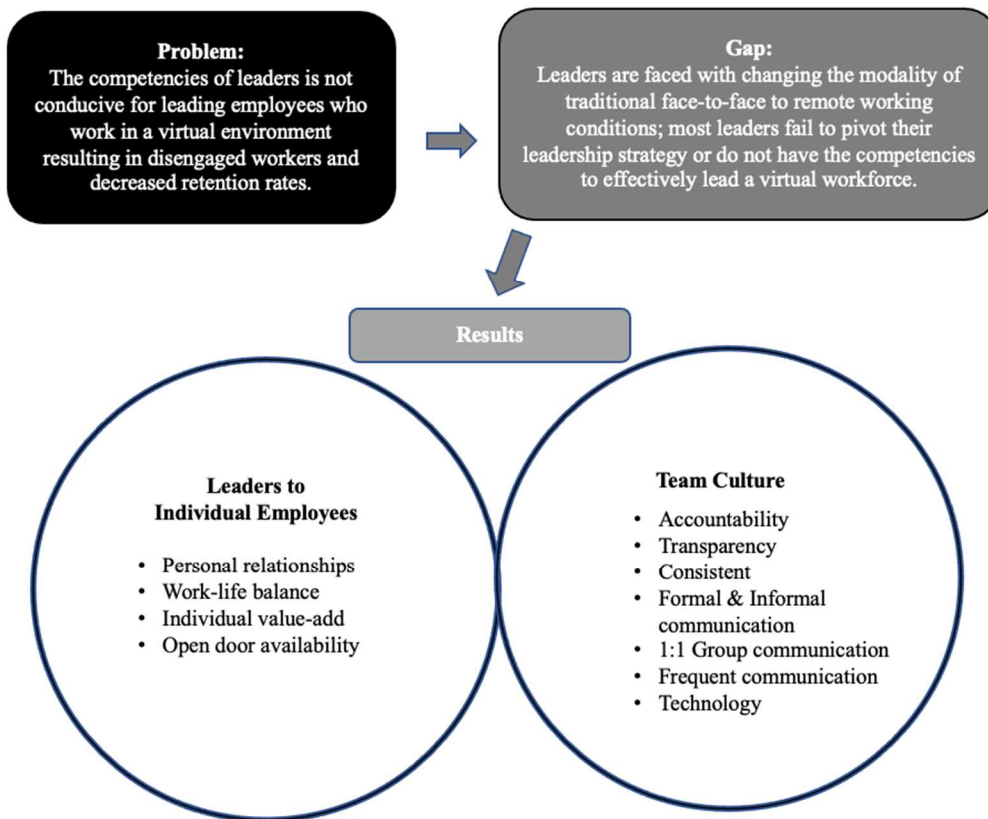
The thematic analysis confirms that leaders in the U.S. financial industry need to adapt to the needs of a remote environment while continuing to use many of their current skill sets to communicate, hold employees accountable, build relationships, embrace flexibility, and recognize efforts. These competencies lead to enhanced employee engagement, increased productivity, and retention.

The skills and competencies presented within the applied framework (Figure 1) remained somewhat relevant throughout the study. However, the participants noted that different team dynamics must exist today to lead virtual and hybrid teams. Leaders have utilized technology to improve employee communication and engagement, increasing productivity and retention. Effective leadership competencies, including frequent and consistent communication, accountability, relationship building, trust, shared vision, technological proficiency, flexibility, motivation, and recognition, have enhanced employee engagement in remote work. A 2021 survey found that employees working from home were equally or even more productive than those working in a physical office (Owl Labs & Global Workplace Analytics, 2021). Furthermore, 84% of respondents preferred a remote working environment after the pandemic subsided. This research indicated that leaders in the financial industry in the United States are achieving success in a virtual work environment.

Changes from the originally applied framework to the resulting framework are presented in Figure 11.

**Figure 11**

*The Ashwood Framework for Successful Virtual or Hybrid Team Leadership*



*Note.* The framework results from the applied virtual leadership competencies framework and the study results. While few changes were made to the framework's right side, the left captures major changes between the two frameworks.

### Discussion and Implications

Employers must carefully consider which employees should return to the workplace, when, and at which locations, as many organizations may have a permanent hybrid workforce (Gartner, 2022). Further research echoed this sentiment, suggesting that remote work could become a permanent fixture in the modern workplace for numerous organizations (Delalito, 2022). The insights from this research, which focused on the U.S. financial sector, could benefit leaders, entrepreneurs, and human resources professionals as they tackle similar business challenges. However, other businesses and communities may also find the research findings valuable.

This research study could attract the attention of leading industry organizations. The study's findings highlight the importance of virtual leaders enhancing their competencies and practices to support employee success and drive results within a remote work environment. The results are particularly relevant as organizations seek to balance the needs of their employees and the organization and comply with COVID-19 pandemic-related legislative requirements. As organizations adapt remote work arrangements, ensuring their employees remain engaged, productive, and retained has become critical to their success.

The traditional 9-to-5 workday is no longer the norm. Recent surveys indicate that employees expect workplace adaptations to continue, as the benefits of “flexible schedules and reduced commute times outweigh the challenges of isolation and potentially longer work hours. Research suggests that employees highly value flexibility and view a

hybrid model that combines remote work with in-person collaboration as the ideal solution” (Dowell, 2023, para. 7). The popularity of working from home causes mixed feelings when it is time to RTO. As of the first quarter of 2023, Amazon employees expressed anger and dismay over the company's newly announced RTO policy, which requires employees to work on-site. This move aligns Amazon with other major corporations, such as Disney, Starbucks, Tesla, and Google, also mandating a return to in-person work (Tsipursky, 2023). Whether these changes impact their productivity or change levels of skills gaps remains to be seen. Multiple and more research on how RTO requirements affect worker engagement, morale, and post COVID work environments will be necessary.

### **Conclusion**

Survey results indicated that a significant number of financial services workers prefer remote work at least partially (PwC, 2022). Specifically, once COVID-19 is no longer a concern, 80% of financial service workers prefer remote work over office work. Engaged employees are critical to productivity and retention, and leaders must develop competencies that support employee success (Beheshti, 2019; Martin, 2020).

The shift to a virtual environment has allowed leaders to reevaluate their leadership practices and prioritize competencies essential for driving organizational results. Leaders must focus on consistent communication, accountability, technological competence, building personal and professional relationships with individual employees, offering flexibility, and providing recognition. By prioritizing these competencies, leaders can create a work environment that enhances employee engagement, increasing productivity and retention. In addition to developing competencies, leaders must implement new training, performance measures, and recruitment practices that reflect the changing work environment. These steps will enable organizations to attract and retain talent best suited to the virtual workplace.

Leaders must adapt to the changing work environment by developing competencies that support employee success, implementing new training and performance measures, and adapting recruitment practices. By prioritizing these areas, leaders can create a work environment that enhances employee engagement, increasing productivity and retention.

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