

Wall Street Split on Forcing Bankers to Return to Office 2

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Wall Street Split on Forcing Bankers to Return to Office

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There is a growing divide on Wall Street: firms calling employees back and firms telling people they can work from home.

Titans like Goldman Sachs Group Inc. and JPMorgan Chase & Co. are taking a hard-line approach, beefing up in-person staff five days a week in New York even though it might mean losing talent. Rivals including Citigroup Inc. are touting flexibility, betting that a softer approach will help them poach top traders and deal makers.

While businesses across America are struggling with whether and how to have staff return full time, the issue has been particularly thorny at large U.S. banks, where leaders like Jamie Dimon and David Solomon have voiced strong opinions.

Culture is at the heart of the debate. Some say the trading floor is the last bastion of Wall Street, where interns and young employees learn by osmosis. Others think record results in a remote-work year prove that the trading floor and the office alike have lost their relevance.

JPMorgan's investment-banking staff had to be back in the office by Tuesday, including communications, **technology** and operations teams. Sales, trading and research staff members were told to return full time in June. Many sales and trading staffers have already been in the office throughout much of the past year.

Goldman staff members returned on June 14. Mr. Solomon, the CEO, said in February that working from home isn't the new normal: "It's an aberration that we're going to correct as soon as possible."

Leaders at both banks say being in the office leads to better collaboration and idea generation, and they have complained that employees are less productive at home.

Morgan Stanley CEO James Gorman said at a conference last month that he would "be very disappointed if people haven't found their way into the office" by Labor Day.

"If you want to get paid New York rates, you work in New York," Mr. Gorman said then. "None of this, 'I'm in Colorado . . . and getting paid like I'm sitting in New York City.'"

Other banks are betting the strict attitude will look outdated and help them draw in new talent. A recent study by consulting giant McKinsey & Co. showed that more than half of employees prefer hybrid work -- a mixture of working remotely and heading into the office -- up from 30% before the pandemic. "The playing field was level for all these banks because they were forced to work from home at the same time," said Chris Wooten, an executive vice president at the consulting firm NICE who is working with banks to ensure remote-work plans meet risk and compliance guidelines. "The great experiment starts . . . when some go back to the office full time and some don't."

Citigroup said in March that the bulk of its workforce would be in the office about three days a week. "Our vision is you can't go back to what it was, you have to go forward," said Tyler Dickson, the global co-head of banking, capital markets and advisory.

Jefferies Financial Group Inc. is largely letting employees and leaders figure out what will work best from team to team. CEO Richard Handler has said that record revenue proves he doesn't need to issue an edict bringing staff back to work.

"Our people didn't spend the day streaming movies, commiserating about the pain of life in isolation or hiding in any way from their obligations," he wrote to investors this month. "They worked harder and more effectively than at any time in our firm's history."

Some recruiters said that pushing for five days a week in the office will hinder efforts to hire people from other industries, especially when sectors like tech are being so flexible.

That is important because banks, hedge funds and asset managers alike have increasingly been searching far afield for new hires. Goldman has been looking at lawyers, and JPMorgan widened its recruiting pool to span a broader range of universities, including some more focused on engineering and **technology**. Citigroup has been hiring thousands of coders and computer programmers.

Mr. Dimon, the JPMorgan CEO, admitted he has gotten blowback. "Oh, yes, people don't like commuting, but so what?" he said at The Wall Street Journal's CEO Council Summit in May.

A person familiar with the matter said the bank is expecting more people to resign than in other years, but that overall attrition is low. A JPMorgan spokesman said staff members in supporting roles who aren't managing capital or dealing with clients will be able to work remotely a few days a week.

For those returning to the office, some firms have instituted vaccine requirements, while others are requiring disclosures and social distancing for unvaccinated staff.

In private equity, Blackstone Group Inc. called its investment staff back to the office full time in June. Carlyle Group Inc. and Apollo Global Management Inc. are offering more flexibility.

Asset manager Vanguard Group is preparing for most staffers to work from home two days a week, and rival BlackRock Inc. will allow for some level of hybrid work. Some 44% of hedge funds also said they were considering three days a week in office, according to a May survey by industry group Managed Funds Association.

Some Wall Street leaders are wondering if they were too early to promote flexible work.

UBS Group AG, for example, has been touting hybrid work in town halls and memos. So some sales and trading employees were surprised when certain teams were told to return full time by September. Sales and trading employees said the tone shifted after competitors like Goldman and JPMorgan started bringing staff back to the office.

UBS clarified its approach last week, telling staff it was committed to hybrid work "where role, tasks and location allow."

Deutsche Bank AG will bring back employees after Labor Day, when it will open its new offices overlooking Central Park. Many will be able to work from home part time depending on their role. For example, staffers with client-facing jobs will be able to work remotely one day a week. Traders are likely to remain full time.

A spokesman said the bank hoped to attract talent with the hybrid work model as well as the new offices, which include outdoor terraces that can function as meeting rooms.

One particular difference: Fridays. At Capital One Financial Corp., Lazard Ltd. and Vanguard, many staffers will be allowed to work from home on Mondays and Fridays.

At JPMorgan, those who can work from home part time have been told by some managers that on Mondays and Fridays they must be in the office.

Dawn Lim contributed to this article.

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