



Hybrid working communities



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Hybrid work's success hinges on **diversity, equity, and inclusion**

Consistent with an ESG mindset, embedding diversity, equity and inclusion within our transition to a hybrid work environment will unlock a competitive edge

Since March 2020, our understanding of work has shifted in unprecedented ways. COVID-19 has demonstrated that our labor force can adapt to unforeseen circumstances with remarkable agility. Even today, companies and workers remain nimble through the rise of the Delta variant.

At KPMG, we are continuing to find opportunities for everyone to connect safely and voluntarily at our offices and at KPMG Lakehouse, our training facility in Lake Nona, Florida. Importantly, we are also preparing to transition from a short-term remote work environment to a long-term hybrid one intentionally focused on diversity, equity, and inclusion.

KPMG Chair and CEO Paul Knopp recently [said](#), “There are work-life harmony benefits to remote work. We’re listening to our employees as we try to design the hybrid environment of the future,” balancing the wants and needs of both employees and employers to stay flexible and connect with purpose.

We believe a hybrid workforce—a blend of fully remote, hybrid, and on-site teams—has the potential to sustain deeper connections among current and potential employees and employers, creating new and lasting relationships that will deliver a competitive edge to organizations that get it right. Importantly, by combining the benefits of flexibility with the ability to connect for meaningful discussion, coaching, brainstorming, and also a little fun, we believe we can deliver an exceptional experience for our people. We call it “Flex with Purpose.”

Embedding diversity, equity, and inclusion into our vision for the future of work is part of our broader effort to embed environment, social and governance (ESG) principles into our strategy. Like all aspects of ESG, we are on our own journey, and what makes sense for our business may differ from others.



With this opportunity and challenge in mind, this paper is the first in a three-part series designed to continue dialogue at KPMG and with our clients and others in the business community to help make this transition successful for all. In this series, we will:

1. Assess key tensions that should be top of mind for companies transitioning to new models of working, particularly hybrid ones
2. Review how leaders across industries are tackling this opportunity via discussion with diversity leaders across sectors
3. Spotlight novel approaches companies are testing, including the use of new technologies

This first installment will dive deep into the benefits of a hybrid work model, how management should be equipped for the return, and why investments in culture are critical at all levels in a hybrid workplace.

The return to office holds different meanings for different employees.

To pretend that everyone can and will return with equal flexibility and excitement is to take a diversity-neutral approach to the reality of the pandemic and workplace. All employees have had significant life events and experiences over the last 20 months, and perspectives on their “employer of choice” likely bring a new context.

In particular, employers should keep in mind that many women, people of color, and LGBTQ+ individuals faced socioeconomic realities that differed at times significantly from their white, cisgender male colleagues.

Prior to the pandemic, [women outnumbered men](#) in the US workforce for the first time since 2010. But during 2020, women accounted for 55 percent of overall net job loss once the pandemic started. As a staggering example, in December 2020, [all 140,000 net jobs lost that month belonged to women](#). Black and Latinx women were hit especially hard by the pandemic’s economic crisis: that same month, data revealed especially high rates of unemployment for Black women (8.4 percent) and Latinx women (9.1 percent), compared with that month’s [5.7 percent](#) unemployment rate for white women. Black men were also unemployed at significantly higher rates (10.4 percent) than the overall men’s average (6.4 percent) and white men (5.8 percent). Long-term unemployment (6+ months) experienced by women of color was found to be especially high as well, most significantly for Asian women ages 16+ (44.0 percent).

The experience of women employees during remote work also demonstrated that childcare was not an equally shared burden in heterosexual households. A study released by the Center for Global Development found that [women globally took on 173 additional hours of unpaid child care](#) in 2020 compared with 59 additional hours for men. These societal impacts have knock-on effects. A report by Bloomberg on this study noted that in the U.S., the pandemic recession [“unraveled gains](#) in pay equality, female labor force participation and unemployment, particularly among Black and Latina women.” The estimated \$800 billion in lost income for women may increase, with mothers in the US more likely than fathers and women without kids to stay out of work.

The economic reality of the pandemic has also affected LGBTQ+ households more than their non-LGBTQ+ peers. According to the Kaiser Family Foundation, LGBTQ+ households faced COVID-19 era job losses [at higher rates](#) than non-LGBT households.

Fifty-six percent of LGBTQ+ identifying survey respondents reported that, since February 2020, they or another adult in their household has lost a job, been placed on furlough, or had their income or hours reduced—compared with **forty-four percent** of non-LGBTQ+ respondents.





To rebound from the pandemic, we should recognize hybrid works—and can deliver a better experience for many.

What we've learned these past 20 months is that remote work can be successful, and that employees may have valid reasons for choosing a hybrid environment rather a full-time in-person one.

First, let's define a few key terms. **Remote work** refers to working 100 percent of the time off-site. **On-site work** refers to working in an office or client-site full-time. **Hybrid work** refers to a blended approach that may include full-time remote work or full-time on-site work for a subset or all of the workforce. The ratio of hybrid work may vary based on tenure, type of work, individual preference, and client needs.

With these terms in mind, we know now that generally:

- **People don't need to be seen in order to work effectively.**

People don't go rogue just because they aren't being watched at work; productivity increased during the pandemic *as commutes decreased*. In fact, people continued to work so intensely that we have to be mindful of the potential lack of boundaries between home and work. Some organizations are now looking to solve burnout given this lack of boundaries.

- **Some people feel more connected in a remote environment.**

"The ability to work remotely has been a net positive when it comes to employees' sense of belonging, satisfaction, and stress and anxiety at work," notes an analysis by FiveThirtyEight. For many under-represented communities in particular, the benefits of virtual interactions outweighed the perceived negative consequences of remote work.

47 percent of black men reported that their sense of belonging at work is better remote than in-person, followed by nearly **40 percent** of Black women and white men. (Fewer than 1 in 3 white women felt this way.)



- **Connection still matters, especially when you connect with purpose.** We've seen immense benefits from connecting with purpose. For example, at our learning and development center, KPMG Lakehouse we've been able to safely bring teams together to learn, re-connect, and build new relationships. Within team engagements, we often talk about key moments that matter, and in those moments, connection can deliver unique benefits.
- **It's still too early to tell if coaching and training are significantly more difficult in a virtual context.** Because of the short-term switches made during the pandemic, a lot of workplace coaching was adapted to become remote, instead of purposefully built to be virtual. New tools and technologies for connection are coming online every day, and without thoughtful investment in hybrid training, it's too early to call it on virtual training. Additionally, hybrid work does not mean total disconnect from the company, and there are opportunities to combine in-person and virtual coaching.

CEOs report they are laser-focused on engaging employees. They should acknowledge the unique benefits hybrid work provides. For example, despite the initial challenges in shifting to remote work, some parents have expressed that they now feel more productive and comfortable at home than in in-person work environments. Per FiveThirtyEight, parents across genders [rated their remote working conditions more favorably](#) than in-office conditions, and 64.5 percent of mothers reported that their work-life balance improved when working remotely.

Some parents may not return full-time for reasons beyond company walls, such as ongoing pandemic risks. With the spread of the Delta variant and plateauing vaccination rates, employees who are parents might be cautious about the possible unreliability of childcare. Instead of shifting between in-person and remote work because of evolving pandemic numbers, employees might opt for a work situation that feels flexible and accommodates their sense of safety.

Employees may choose to avoid the culture of an office for myriad reasons. Returning to the workplace may also jeopardize the productivity gains, reduced emotional tax, safety, and flexibility that many employees have experienced over the past 20 months. Staying home may be a form of self-preservation and self-protection. Courtney McCluney, assistant professor of Organizational Behavior at Cornell University's New York State School of Industrial and Labor Relations, noted one such reason in the **New York Times** [In Her Words](#) series: "I actually like not having to go into the office and be constantly reminded that I'm the only Black woman there."

Hybrid work arrangements may be particularly beneficial for people of color. "Remote work may offer people some chances to protect themselves from some kinds of discriminatory treatment," [noted](#) L. Taylor Phillips, an expert on workplace equity at New York University's Stern School of Business.



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Flexible schedules and the increased use of closed captioning and adaptive technology helped many employees with disabilities; the virtual environment prompted workplaces to adopt technologies and strategies that advocates had long pushed for.

Hybrid work arrangements may also be more desirable for employees with disabilities. Workplaces should accommodate different styles and workflows. For some, the world prior to COVID-19 was one where an employee with disabilities consistently had to navigate commutes that weren't amenable to mobility aids such as wheelchairs. Remote work eliminated commutes and increased productivity, safety, and comfort.

For immunocompromised employees, a clean and fully vaccinated office may still not be enough for them to feel safe. As Ruth Colker, a professor at the Ohio State University Moritz College of Law, [noted to NPR](#), "Employers should realize going forward there may be some employees for whom a physical workplace will unfortunately continue to be too dangerous." The number of employees who may not see the workplace as a comfortable and safe environment may be growing, as many [individuals who suffer from long COVID-19](#) consider the risks of the workplace.

The promise of hybrid also comes with risks that may undermine this historic opportunity to reimagine how we work.

As employees have access to flexibility more aligned with their preferences, a workplace may not be equipped to accommodate them in an effective, equitable manner. Inequality may worsen when those preferences are shaped by shortcomings in company culture.

As outlined in the previous section, preferences can vary, and the desire to work remotely isn't evenly distributed. Therefore, a bias against remote workers would compound wider workplace equality issues. A study led by researchers at Stanford University suggests that [remote workers are less likely to be promoted](#) than their in-office peers. Though remote workers in the experiment were 13 percent more productive, they were promoted half as often.

If employers are not honest with themselves about their culture and policies, the hybrid model may lead to inequity. As the survey analysis from FiveThirtyEight and Future Forum noted, "If there are disparities in who opts in (or out) of in-person work, [physical offices run the risk of becoming whiter, more male-dominated, and more unfriendly to working mothers](#) than they were before the pandemic." Leaders have to build strategies that are mindful of all the reasons one might opt for a more remote or hybrid work experience, and the teams determining the future state of work should be intentionally diverse.



Management should be equipped for the complexities of a hybrid model.

Managers face unique challenges today, managing remote teams and onboarding new team members virtually while juggling their own challenges with working during a pandemic. Coaching, mentoring, promoting camaraderie, and making sure work quality remains high is no small feat, but keeping DEI top-of-mind is an accelerator toward achieving those objectives.

Are those managers today supported, empowered, and ready to effectively guide and oversee diverse and geographically dispersed teams? Are companies investing in managerial upskilling in preparation for unprecedented corporate reorganization? Employers should teach effective management in a hybrid environment, expanding opportunities for employees, including underrepresented talent, to work, advance, and thrive. Organizations that navigate this successfully will gain access to better and more diverse talent – the positive result of not only reimagining where we work, but also how and when we can expand opportunities for employees.



Intentionality will be a cornerstone of good management as businesses pivot to hybrid models. We must have thoughtful approaches to work allocation, engagement, performance management, reward and recognition, and mental health.



Staffing

Management should consider staffing strategies that put people first, including virtual and hybrid onboarding strategies to help acclimate new employees to company culture. Additionally, managers should thoroughly understand how decisions about work allocation and career progression are made, and ensure that both in-person and virtual teams have access to opportunities. On a day-to-day basis, managers should be aware of their role in creating an equitable playing field.



Meetings

One example of equitable practices is the way two technology firm **managers have changed** how they run hybrid meetings: “Instead of having in-office employees gather in a conference room while remote employees dial in, if one person is not in the physical room, everyone will dial in separately on their laptop, regardless of whether they’re in the office.”



Mental Health

Managers will also need to rein in unrealistic expectations of work and productivity as we return from a remote world that became the Wild West of boundaries. Employees must see healthy work practices and support for mental health resources modeled by their mentors and managers. Is your firm innovating in ways that encourage work-life balance? Do employees have reminders to take breaks, shut off their email, and reinstate boundaries that too many workplaces ignored when home and work merged into a single space?



Our effort (described to the right), which was also implemented in a similar way by many clients, could not have come at a better time. A recent study conducted by HR consulting firm Robert Half found that [workplace burnout is rapidly](#) rising, with 44 percent of workers feeling fatigued on the job in 2021 compared with 34 percent in 2020. As Axios noted in its reporting, 31 percent of US employers say workforce mental health is having a severe or significant financial impact on the company, an increase from 20 percent in March 2020.

Managers are responsible for creating an environment that encourages employees to take care of their mental health. As experts from the workplace mental health advocacy nonprofit Mind Share Partners [wrote for the Harvard Business Review](#), employers can begin by checking in purposefully with their employees, being flexible and inclusive, communicating openly, and investing in training.



Empathy

Empathy should run in both directions. We recognize, however, that as workplaces acclimate to increased flexibility, this labor may fall disproportionately to employees with disabilities, parents, people of color, and those who prefer to work remotely.

Continued awareness—through employee townhalls, listening sessions, pulse surveys and trainings, paired with a clear tone from the top—can help alleviate that inequality.

At KPMG, we announced time and energy management policies during the pandemic. No-camera Fridays and heads down Wednesdays—in which leaders of our Audit, Tax, Advisory, and BPG placed calendar holds to block internal meetings in the afternoon—were top-down efforts that reflected a cultural commitment to reducing burnout. Additionally, shifting the default meeting times from 30 and 60 minutes to 25 and 50 minutes, helped our people better manage their day.

At KPMG, our “heads up” culture encourages employees to advocate for their needs on teams and to feel empowered to speak up if there are changes needed to team practices. With a focus on empathy, this type of empowerment should be the baseline for company culture.

Building a hybrid community requires company investment. Flexibility is key.

As Angelica Puzio noted in FiveThirtyEight's survey analysis, "[One-size-fits-all solutions might just exacerbate the problems](#) that caused marginalized groups to prefer remote to in-person work in the first place. The experts I spoke to felt strongly about responding to employees' specific needs rather than imposing hard and fast return-to-office plans, such as asking all employees to work from the office for a set number of days."

Companies should prioritize flexibility and inclusion. In this context, a big question is mentorship in a hybrid environment. Professionals from underrepresented groups, on average, are more likely to have fewer existing connections and networks than white-male counterparts within a firm. An experiment run by Prithwiraj Choudhury, a professor at Harvard Business School, focused on summer interns and meetings with senior management at a global bank. After randomly assigning interns to conversations with leaders, other interns, or nobody, he found that meeting senior managers had [a very strong effect](#) on whether an intern received a job offer.

During the pandemic, geographic divisions among employees lost some meaning; as employees moved to different states and expanded their communities beyond

their in-office workplace, they could connect virtually with similar and like-minded colleagues across the country and the world. How will your hybrid work environment support networks and mentors beyond the four walls of a single office?

At KPMG, we found membership in our business resource groups—composed of individuals who come together based on similar interests or experiences—increased by 18 percent during the pandemic. Over half of our BRG members identify as allies, contributing to a supportive environment that helps advance our DEI efforts across the firm. As we shift to a hybrid model, it's critical that we support the growth of a national community that provides informal connection and mentorship.

In addition to employee resource groups, more formal mentorship efforts are important to help professionals excel within a firm. Can those efforts thrive in a hybrid environment? If not, how do we reimagine them so that not only potential mentees but also managers and mentors support them? To promote equitable connections, businesses should consider how the hybrid workplace can recreate company culture and informal office mentorship. Losing out on in-office small talk (water cooler conversations) and facetime with senior management can affect people's sense of belonging and community.

Go beyond asking, “How will previous sources of connection be purposefully recreated in the hybrid work model?” Instead, create better sources of connection for employees.

Angelica Leigh, a professor of management and organizations at Duke University’s Fuqua School of Business, spoke with FiveThirtyEight about how more productive solutions to inclusion in the workplace may require [taking new steps and dedicating new resources to inclusion work](#). Historically, efforts that have tried to facilitate inclusion have been performative, and employees may feel that preexisting solutions have come up short. Companies should audit their culture and [implement bias interrupters](#) to take solutions further. Because companies often invest in their own brand of community, they should also be investing in inclusive communities as they think long-term.

Leaders should ask themselves how they are creating networks and communities beyond the office. They should focus on two guiding questions:

- How do we bridge connections and work against unconscious bias and systemic racism to build inclusive cultures?
- Can we redefine community in a more virtual environment, deepening connections across all groups?

Successful organizations will build meaningful virtual connections among all groups to mentor and identify new opportunities that spur growth and innovation. They will think beyond the office, and beyond regions, to foster community across a national or even global environment.

Conclusion

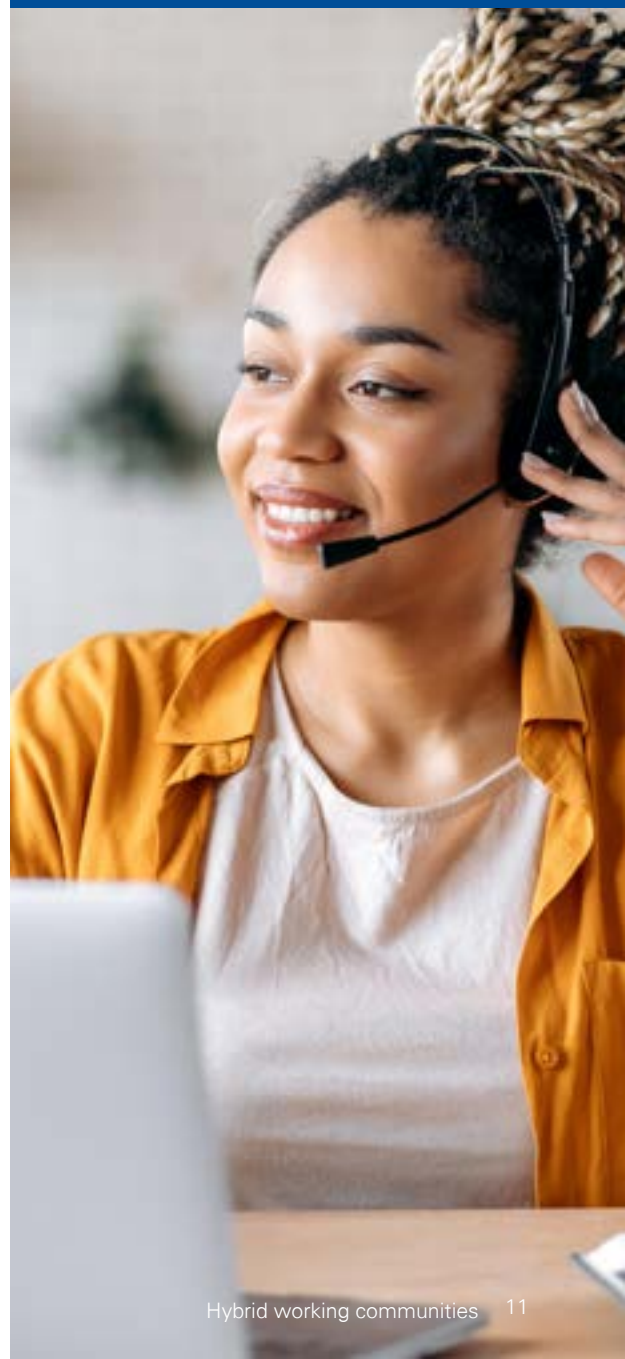
A future hybrid working environment can balance the many benefits workers have experienced in the remote environment, while facilitating meaningful connections that build lasting relationships, drive innovation, and create new opportunities to deliver value to employees, clients, suppliers, and communities. Yet, to realize these benefits, organizations must proceed with diversity, equity and inclusion at the forefront.

Consistent with an ESG mindset, embedding DEI into return-to-office strategies, is part of a journey to deliver better outcomes for all. There are going to be places where businesses fall short in the shift to the hybrid work model.

But we must all not sit and praise the nimbleness of our transition and see it as a blueprint for where we go next. We must take our time, invest in policies, culture, and community, and make that agility a strength as we all transition to hybrid work environments.

In the next part of this series, we will talk with chief diversity and inclusion officers across sectors to bring to learn from their experiences.

If we approach the shift to hybrid work as an ongoing effort, we can deliver an exceptional experience for employees, while gaining a competitive edge for the business.



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