

# Navigating the workplace revolution

Embracing hybrid workforces and inclusivity in asset management



Few would debate that the pandemic changed the way we work. What remains in question, however, is what the future of work will look like.

KPMG's Asset Management Opportunities and Risks survey elucidates where the Canadian asset management community falls on the spectrum of the changing workforce. Most telling is the overwhelming support for a hybrid workforce model that places flexibility, inclusion, and team cohesiveness at its core.

## More than a temporary fix

Remote work was gaining popularity long before March 2020 shut offices down, albeit not across all industries and all employment levels. However, the pandemic spurred many organizations to turn this concept into a daily reality, both for their employees' safety and work-life balance by cutting out the extra time and cost of commuting to work every day. What we're seeing now is the widescale acceptance of remote work as a permanent replacement—or partial alternative—to in-office roles. With that acceptance comes cross-industry efforts to define the policies, technologies, and workforce cultures that make this hybrid arrangement successful for everyone.

Many asset management firms, including service providers to the industry, have, or are in the process of reducing their physical office space, as lease renewals come up. This speaks volumes about the mindset regarding the permanency of the hybrid approach. Many organizations are intent on reducing their office space even further down the road, depending on how workforce circumstances and mentalities take shape.

Even still, the idea of the “abandoned” downtown is a myth. Many asset management firms are also making sizable renovations to their physical office in a bid to bring their employees back when it is safe to do so. Investments include upgrades to indoor air quality systems, non-touch technologies, socially-distanced spaces, and other changes meant to make employees more comfortable with returning to their physical environment, even if for a few days a week. Organizations are also rethinking the design of their space and utilizing hoteling systems across all levels, as well as creating open collaboration spaces with private areas for meetings and phone calls. These same organizations are still supporting remote workers but are intent on maintaining the face-to-face client and co-worker interactions that define the industry.

The short story is that workforce models have not swung completely in either direction. Rather, there are trends on both sides of the hybrid equation which indicate the asset management industry is finding a balance that works.

## One model, many approaches

There is no universal approach to the hybrid work approach. As our clients and research have shown, each firm has needs, capabilities, and services that require a custom approach. For example, asset managers which offer mainly liquid retail products have very different needs and expectation requirements from their staff than firms which mainly offer fewer liquid products (e.g., private equity infrastructure, real estate, hedge funds, etc.). Noticeably, it seems that smaller private fund shops will be more likely to go back to the office sooner and work much the same way they did pre-pandemic.

Hybrid work isn't a one-size-fits-all solution and it really is dependent on several variables. One thing that was apparent from our survey is that policies regarding remote and in-office working did not really differentiate between the front, middle, and back-office functions.

Workforce demographics are also driving hybrid model designs. Preferences for a work-from-home (WFH) lifestyle vary across generations, with some showing preference for employers who embrace remote working and others who feel more at home in the office given a close proximity and connection with their leaders. These preferences must also be considered if firms wish to remain an employer of choice in the new world of work.

But while attitudes may vary when it comes to hybrid strategies, there are some agreed-upon fundamentals. For example, an overwhelming majority of asset managers prefer a hybrid setup where employees are in the office about three days a week. Most firms have, or continue to invest in technologies that keep workforces connected, no matter where they're clocking-in for work. Moreover, it also impacts their preparedness to pivot where and how work is performed, should another disaster arise.

In short, the asset management sector is a diverse space with varying needs when it comes to what a successful workforce model will look like. As such, the more important discussion is how to implement and support one's hybrid model of choice.

## Crafting the model

In today's workforce, flexibility reigns supreme. Deciding what elements of remote work to keep or pull back begins with asking what kind of model will support business objectives. In asset management, it's understandable that some organizations feel their service and culture rely on face-to-face interactions. At the same time, many are also doing away with outdated practices like flying across the province for a single meeting. Again, deciding which elements work is an internal decision, and one that must weigh employees' preferences with business goals.

One statistic that can't be ignored from our survey is that 20% of CEOs aren't modifying their offices, but are doing more to get people comfortable with coming in when it is appropriate to do so.

The question, then, is how will asset management firms promote the "in-office" part of the hybrid arrangement? How will they encourage employees to come in?

“Anecdotally, I can say that successful firms will lead by example. They will be the ones with leadership in the building introducing purposeful, in-person activities (e.g., team-building, staff events, safety initiatives) to make their teams more comfortable and engaged with physical office life.

**Joseph Micallef**  
Partner, National Tax Leader  
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They're not discouraging remote work; they're working to make office life safer and more appealing, while providing equal support, opportunities, and resources to those who work outside their walls. It will be a difficult balance to strike, but those who make an effort stand to fare better when it comes to attracting and retaining talent.

## The D&I imperative

Any discussion on the future workforce must embody diversity and inclusion (D&I) policies, which is not something that only emerged due to the pandemic. Possibly, the pandemic may have shone a brighter light on D&I in order to retain talent, align with investors requirements, and distinguish themselves from the competition.

Interestingly, a majority (82%) of asset management leaders have adapted their outlook on D&I in

recent years. More than ever, they recognize that employees rank inclusive corporate cultures high on their list of workplace priorities. They also know that losing focus on D&I means risking the loss of key talent to firms that demonstrate a stronger commitment, or alienating potential large investment mandates from institutional investors where this requirement is not met.

## Wider adoption of flexible models

The widespread adoption of flexible hybrid work arrangements is not a short-term trend but a long-term transformation. Those models will vary, but firms that balance talent preferences, business objectives, and D&I principles will reap the rewards of a future-ready workforce. These insights will help ensure that your organization is keeping pace alongside the ever-changing workplace environment.

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