



Five 2021 lessons from HR leaders

From the year that
changed everything



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Leading with perspective

Last year was a year like no other. While the global pandemic turned our world upside down, protests over racial, social, and gender inequality raised big questions about the kind of society we want to live in.

Organizations have faced a steep learning curve. They've had to rapidly shift to remote work, expand support for employee well-being, and rethink their approach to inclusion and diversity. At the same time, they've revisited their culture and purpose to better meet employee and customer expectations.

Human resources (HR) leaders have been in the eye of the storm, striving to keep employees engaged, healthy, and productive, while shaping their future workforce at breakneck speed.

Although 2020 was in many ways a year to forget, it has also taught us some valuable lessons in accelerating workplace transformation. To consider these learnings, in early 2021 KPMG convened the Chief Human Resources Officers (CHROs) from two leading companies, Chevron and Blue Shield of California, to discuss how this disruption has impacted their perspectives and is influencing their strategy for 2021.

Lesson 1:

Live your values

In the past year, companies worldwide have responded to current events by taking a stand for justice and equality and denouncing violence and hatred. These actions reflect increasing expectations of corporate behavior. In the [KPMG 2020 CEO Outlook](#), the KPMG annual global survey of chief executives, **two-thirds (65 percent)** of CEOs say the public believes businesses should “fill the societal void.”

For Mary O’Hara of Blue Shield of California, doing the right thing comes naturally to their employees. **“We do feel a very strong duty to respond, and it’s really an organizational commitment for us to stand up for what is right,”** she said. **“We’ve condemned the violence that has threatened our democracy. And we work hard to eliminate bias within our company, to educate people and try to create a true meritocracy.”**

Within the organization, employees are seeking forums and channels for safely voicing their views and concerns. But the KPMG 2020 American worker survey found that only a third of companies encourage conversations on inequality. Chevron has been a pioneer for open expression, as CHRO Rhonda Morris explains. **“We’ve had employee networks for two decades. They have helped us engage with the workforce and hold difficult conversations,”** she said. **“This strong foundation allowed us to shift from talking about issues of gender to also talk about race. It’s strengthened our culture and made our employees extremely proud.”**

Corporate purpose is becoming a differentiator. Those organizations that can live their values, connect with their employees, and stand up for their beliefs are most likely to win the trust of customers, partners, and investors.



of HR executives say their corporate purpose and values have been central to their response to COVID-19.



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Mary O’Hara
CHRO,
Blue Shield of California

Lesson 2:

Evolve and adapt your employee experience

The global pandemic has brought the daily lives of employees into each other's homes. It's forced companies to rethink the entire notion of employee experience, highlighting issues like flexible working, well-being, and higher levels of technological support.

As O'Hara notes, the degree of flexibility around how and when work gets done has shifted dramatically. **"We've had to be even more responsive in giving people the tools and the working practices to support that flexibility. We've seen how home life produces unbelievable stresses, particularly for those with dependants, so we introduced 'no-fly zones': giving employees time-outs for hours or days to destress and attend to personal matters."**

Mental health and well-being have emerged as a huge challenge, as workers everywhere struggle with the pressures of isolation and a rising workload. Many companies are providing training and support to address these issues, placing employee experience at the center of leaders' priorities, with continued two-way dialogue, advice, and counsel.

[Sixty-two percent of the 2020 KPMG HR New Reality pulse survey respondents feel that HR owns the employee experience for their organization.](#) O'Hara says HR executives should recognize **"the straight line between employee experience and our members' [customers] experience, which means investing in messaging strategies and keeping lines of communication open, to build a bridge between leaders and the wider workforce."**

Employee experience is much more than a set of processes and should reflect the organization's values and culture. And, as we move into the fourth industrial revolution and establish new ways of working, HR leaders must continue to shape employees' experience to adapt to a dynamic world encompassing flexible, hybrid work models and increasing automation.



**The KPMG 2020
CEO Outlook
found that**



4

of CEOs have changed policies in order to adapt their culture to a remote working environment.

Lesson 3: Lead with humanity

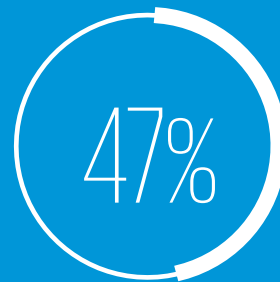
Despite the isolation associated with remote working, it has in ways brought employees closer together. It's made leaders rethink how they engage with employees, to shed the corporate uniform and be more human.

The pandemic has cut through traditional hierarchical barriers, with workers at all levels sharing similar experiences. Morris told us how she leveraged Chevron's internal social media platform to detail her personal lockdown stories. **"Previously, most of my employee messages were announcements about policy changes, training, and so on. Now I'm talking about my teenage daughter's remote schooling, and caring for an aging parent, which others can relate to on a very personal level. It's a very different style of leadership, and it resonates and helps us bond."**

Leading companies like Chevron and Blue Shield of California are investing significantly in strengthening these kinds of leadership capabilities—not just at executive level but across the organization. What used to be deemed a "soft skill" is rapidly becoming a requirement for leaders at all levels of the organization.



Almost half



of HR leaders surveyed say they are personally taking steps to safeguard the experience and well-being of employees.

Lesson 4: Flexibility builds long-term resilience

The enormous disruption during 2020 highlighted the need to be both adaptable and resilient, as offices closed, supply chains came under stress, and customers demanded new ways of doing business.

The acceleration in remote working has been well documented. Our survey respondents anticipate that approximately 4 in 10 workers will continue working remotely for the next 2 years at least. O'Hara feels organizations will shift to a hybrid model, as **"You can't replace the experience of being physically present with one another; it increases the ability to innovate and be creative, through a greater sense of connectivity. It's much harder to build that deep reservoir of trust when you never meet your colleagues face to face."**

However, flexibility isn't just about where and when you work. Morris feels the sudden onset of the pandemic—and the resulting uncertainty—has forced organizations to be ready for change at any time. **"We have to be flexible about everything and increasingly find ourselves revisiting decisions. We've got a complex workforce, and we have to continually modify our return to work plans to suit changing circumstances. For a business like ours, which prides itself on being very methodical, that's a major change, but I also think it's a good thing, as it will make us more adaptable to future disruption."**

The lesson for 2021 and beyond is the need to be highly adaptable to change, so that organizations can swiftly develop new capabilities and alter ways of working.



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Rhonda Morris

CHRO,
Chevron



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Lesson 5: New era, new role for HR

Six out of 10 [survey respondents](#) agree that HR must “completely reinvent and transform itself” to respond more effectively to future disruptions. Part of this response will be to help forge more resilient organizations by creating a cohesive employee experience.

And, in an era when business purpose is taking on ever greater importance, organizations are under pressure to demonstrate moral leadership. In the KPMG 2020 [American worker survey](#), **58 percent** of respondents believe their organization should be doing more to address inequality, and **51 percent** say their leaders are part of the diversity and inclusion problem.

HR leaders can bring authenticity to people management, leading by example. Both Chevron and Blue Shield of California have been blazing a trail for diversity, equality, and inclusion, as Morris of Chevron says. **“It’s all about humanity. Diversity and inclusion is the number one value in ‘The Chevron Way,’ which is really our compass of how we operate our business all around the world.”**

O’Hara is on the same page. **“We have representation goals. We have inclusion goals. We’ve maintained a zero-pay ratio gap between men and women and minorities in comparable jobs for several years.”**

Finally, in an uncertain and changing world, HR has a vital role to play in shaping an agile, future workforce. According to the [KPMG 2020 CEO Outlook](#), “talent risk” is now considered the number one threat to long-term growth, while our global HR survey ranks “reskilling” as the most important workforce challenge.

[Workforce shaping](#) means breaking down and rethinking traditional roles, so that humans and machines work together effectively. It means keeping ahead of change by constantly carrying out future scenarios. And it means predicting what skills will be needed, and accessing these skills swiftly, including upskilling permanent employees and contracting in external talent.



of HR executives ⁷ strongly agree that their HR function plays a vital role in establishing the right organizational culture.

Before 2020, most businesses were at various stages of digital transformation. Last year has accelerated this shift at an unimaginable pace, while also raising expectations of business purpose. Today requires the HR function to be more connected, drive innovation and collaboration, and bring a new humanity to leadership.

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