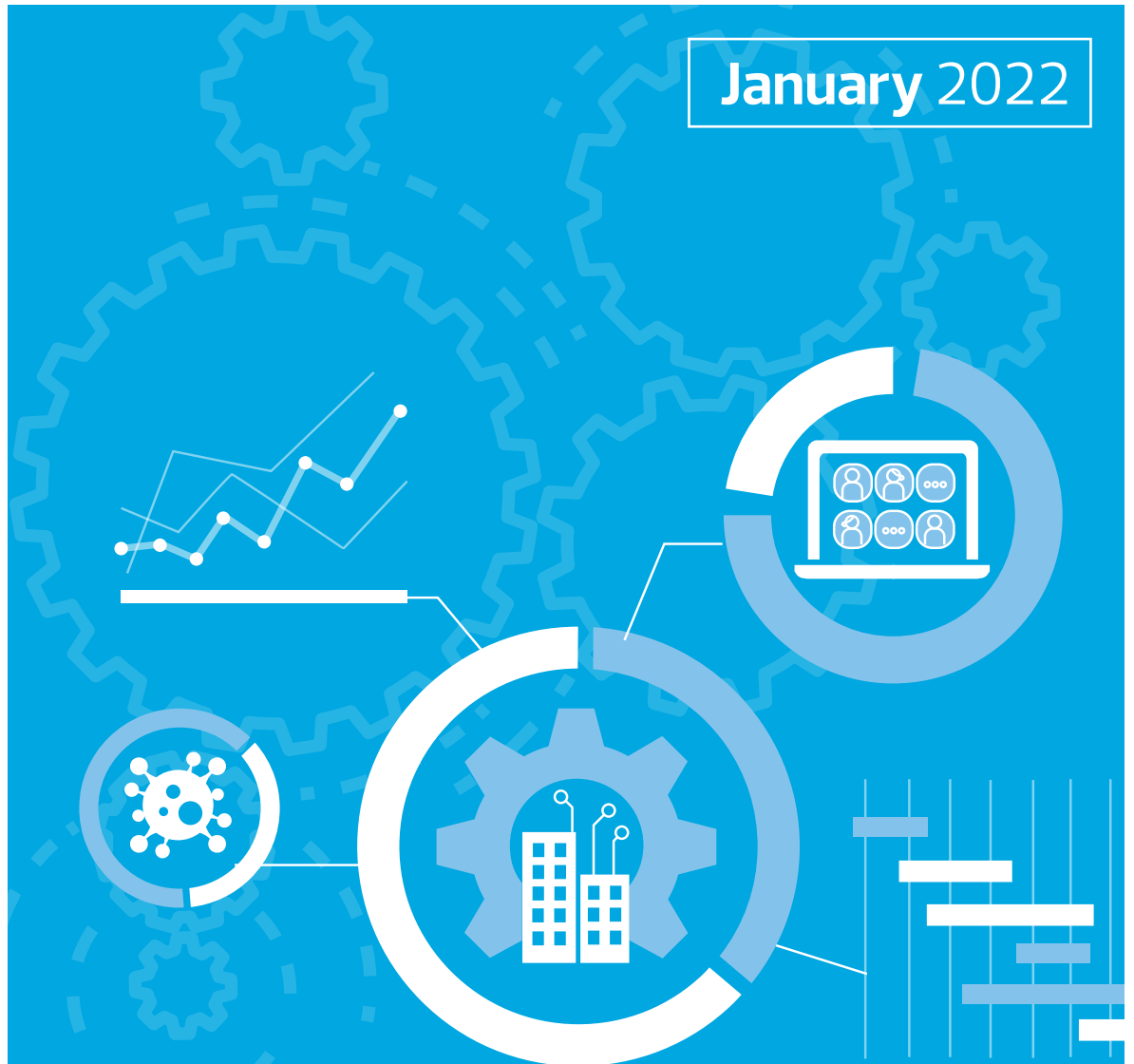


RSM US MIDDLE MARKET BUSINESS INDEX

CHANGING WORK PATTERNS IN THE MIDDLE MARKET

SPECIAL REPORT

January 2022



U.S. Chamber of Commerce



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How COVID-19 has influenced a fundamental transformation of the working world

The Industrial Revolution. The Great Depression. The rise of the internet.

Every few decades, a seismic jolt changes the way companies do business, permanently altering the culture of work. Few disruptions, however, have been as tragic and scarring as the COVID-19 pandemic. With millions dead worldwide, national economies hammered and new variants—such as delta and omicron—continuing to emerge, COVID-19 has been more than consequential. It is era-defining.

To face these new challenges, companies have had to be more flexible than ever before—both executives and employees. Carefully and safely reopening the workplace and working toward transitioning from a pandemic to endemic environment has required creativity, perseverance and effective leadership.

“The pandemic has been a once-in-a-century event that has significantly altered people’s lives and society as a whole,” said Joe Brusuelas, chief economist for RSM. “It has also changed the entire perspective of where, when and how people work.”

According to data from the fourth quarter 2021 RSM US Middle Market Business Index survey¹, midsize companies are carefully getting back to work and discovering that their usual methods have not just faded away. Those old standards have been obliterated.

Foremost among these changes is the rise of the remote worker. Employees have proven that they don’t need to come into the office to be productive, and the desire to telecommute has moved from an occasional perk to a worker demand.

In turn, many companies have learned that they need to be more flexible in their approach to their employees. Businesses have also generally realized that they must be nimble in their response to opportunities in the marketplace and changing work standards.

The labor market has tightened to a shocking degree. As such, the effort to recruit and retain top talent is likely to challenge companies in the foreseeable future.

Vaccine mandates, mask requirements and new variants will continue to have an impact on middle market businesses. We have seen that life will be different moving forward than it was in 2019. This MMBI special report gathered information from a nationally representative sample of over 400 middle market executives, and it details some of the most important changes and challenges that companies face.

¹ Survey data was collected prior to the emergence of the COVID-19 omicron variant.

A new work model

One-third (36%) of survey respondents say they now have people working remotely who were not working remotely before the COVID-19 pandemic. Clearly, this is a sizable surge in the incidence of remote workers, and a sea change in the policies of those organizations.

“The reality of a remote workforce will require very different modes, types and skillsets within management,” says Brusuelas. “This is a far larger challenge than many people could have envisioned at the start of the pandemic.”

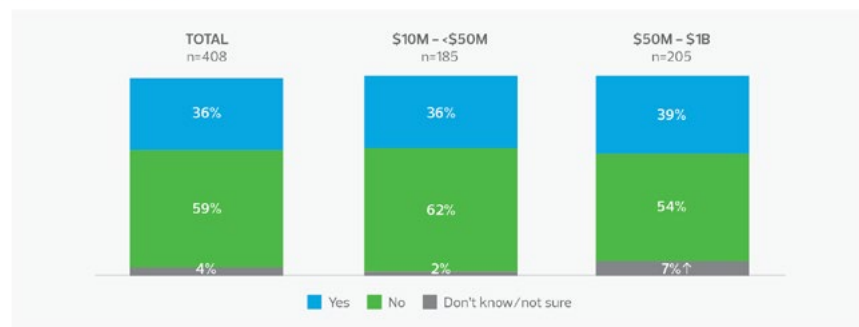
Indeed, of those companies that have people working remotely who did not work remotely before the pandemic, almost two-thirds (65%) have embraced a hybrid option, meaning that employees work off-site some of the time and in the office some of the time. Almost half (48%) have made remote work a permanent option for

some employees on a full-time basis, while 42% are considering making that shift.

“COVID-19 was the catalyst,” says Tom O’Rourke, principal for RSM. “It was both the pilot test and the proving ground for demonstrating that working remotely could be done effectively en masse. And because of the success of those initiatives, the hybrid workforce is here to stay.”

Before the pandemic, many middle market leaders had concerns about allowing workers to telecommute. This hesitation stemmed from the perception that workers are less effective when working from home than at the office. Although some pre-pandemic studies showed that remote workers are actually more productive than office workers, the idea that employees would be less valuable if they didn’t come into the office was a common view.

Organization currently has employees working remotely as a result of COVID-19 pandemic who were not working remotely before pandemic began
BASE = TOTAL SAMPLE



Source: RSM US Middle Market Business Index, Q4 2021
ARROWS = Significantly higher/lower than \$10M-\$50M at .05 level of significance



now have people working remotely who were not working remotely before the COVID-19 pandemic.



“COVID-19 was the catalyst. It was both the pilot test and the proving ground for demonstrating that working remotely could be done effectively en masse. And because of the success of those initiatives, the hybrid workforce is here to stay.”

Tom O’Rourke
Principal, RSM US LLP



"The pandemic has shown that you don't need to be in the office to do a good job," says Tu Nguyen, economist and ESG director for RSM Canada. "You don't even have to be in the same country. We can go global. It doesn't matter if you live in Mexico and work for a U.S. company, as long as you show up and do your job."

One could argue that the pandemic didn't alter the perception of remote work so much as accelerated its acceptance. After all, with lockdowns in effect and the virus spreading, many companies had no choice but to allow telecommuting if they wanted to stay in business.

However, by this point, it seems clear that remote work is a relative success. Of the respondents that previously did not allow remote work, 77% say reduced productivity was not an issue at all or a minor issue.

A similar percentage (75%) said that the challenges of managing workers created by remote working were not an issue at all or only a minor issue. Along those lines, over half of the respondents (51%) have taken efforts to clearly define their expectations to their employees regarding remote work. Basically, figuring out the details—such as deciding if workers need to be online at certain times—can be a headache. But these problems tend not to be huge.

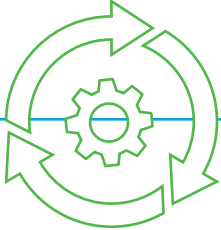
"Most organizations have found that productivity is high, and that it's been fairly seamless," says Marni Rozen, human capital consulting director at RSM. "They've also found that they need to be flexible, and allow for an individualistic experience, to maintain a culture that brings people together."

Notably, a plurality of respondents (39%) say tension between remote workers and those who primarily come into the

office has not been an issue. This is good news for companies that prioritize collaboration, and in fact, 70% of companies say that reduced teamwork is either a minor issue or not an issue at all.

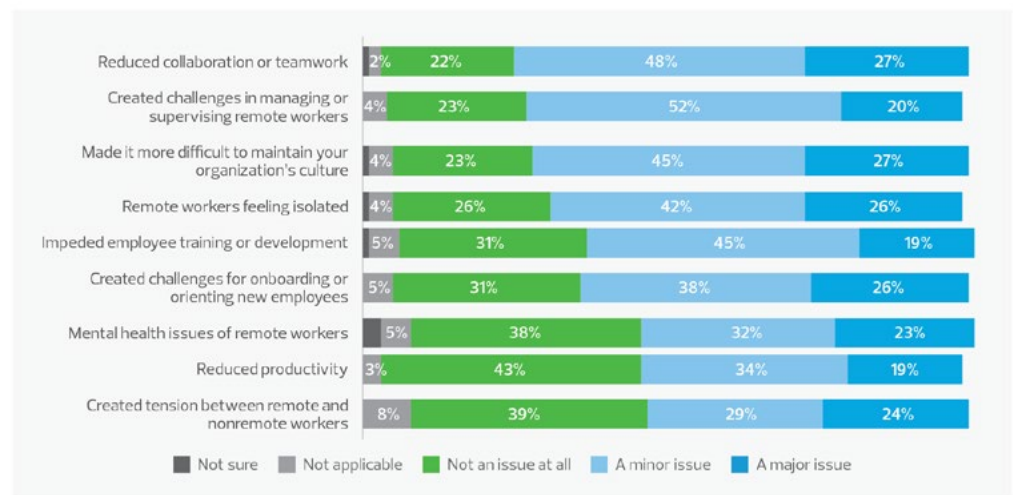
In addition, culture is a defining aspect of an organization. While 27% of respondents said that remote work created a major issue in maintaining culture, 68% of companies reported that it resulted in only a minor issue, or it wasn't an issue at all.

"Before the pandemic, if people talked about working remotely, most leaders would say, 'No, that will never happen,' and they would focus on the impediments," says Nelly Montoya, senior financial services analyst and management consulting director for RSM. "They would claim that structurally, operationally and culturally it wouldn't work. But then we had to do it, and we found out that it could be done."

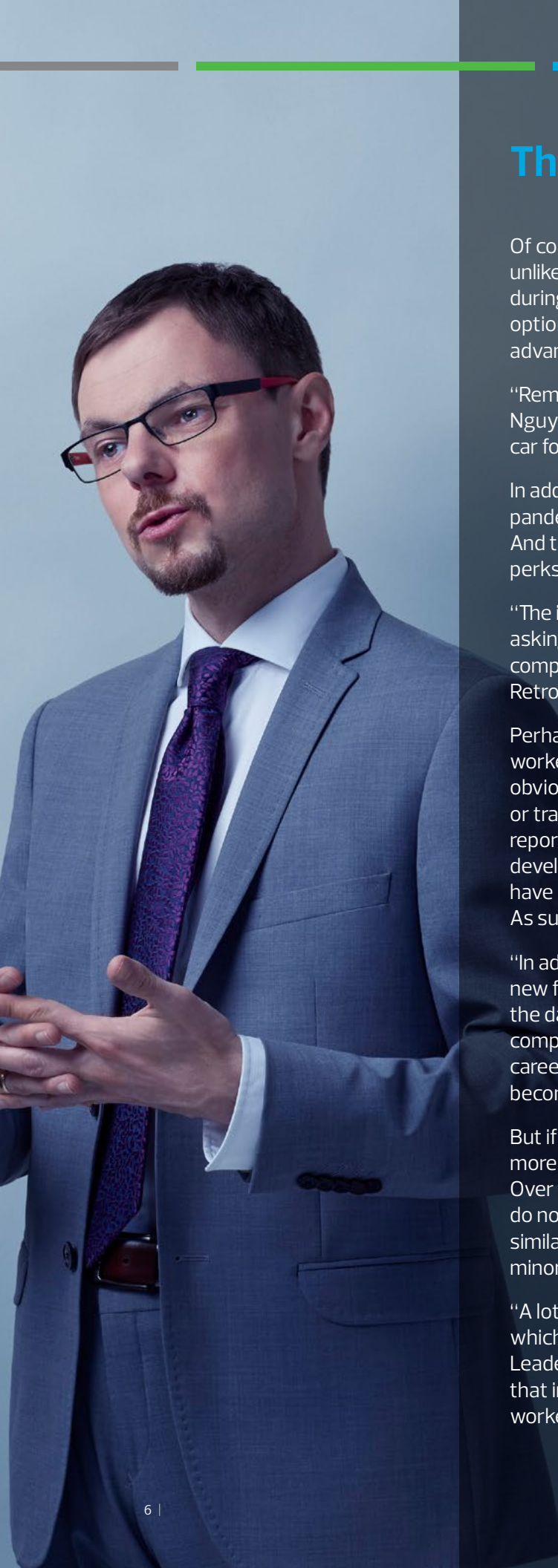


77%
said reduced productivity was not an issue at all or a minor issue.

Extent that negative impact of remote work has on your organization BASE = CURRENTLY HAVE EMPLOYEES WORKING REMOTELY



Source: RSM US Middle Market Business Index, Q4 2021



The impact on workers

Of course, being able to telecommute is a privilege, one that was unlikely to be extended to many workers who were deemed essential during the pandemic. But for those fortunate enough to have the option of remote work, telecommuting appears to have delivered advantages.

"Remote workers often have a better work-life balance," says Tuan Nguyen, economist for RSM. "For example, they don't have to sit in a car for hours each day just to get to the office."

In addition, telecommuters who have worked and thrived during the pandemic are in a good position to demand more from their companies. And those high expectations are not confined to better pay or slight perks.

"The impact of COVID-19 is giving employees pause, and they're asking, 'Hey, is this really what I want to do for a living? Is this the company I want to do it for?'" says O'Rourke. "What I call the Great Retrospection has fed directly into the Great Resignation."

Perhaps because so many people are reassessing their options, many workers are focusing on their long-term career possibilities. But an obvious concern is whether the pandemic has cramped development or training opportunities. Middle market organizations in the survey report, however, that telecommuting has not hindered employee development, with 76% of companies stating that remote workers have had few to no issues when it comes to enhancing their skill sets. As such, workers are well-positioned to pursue new career arcs.

"In addition to creating flexible working arrangements, there's a whole new focus on career paths," says O'Rourke. "If you look at some of the data on why people leave organizations, it's often because their companies don't emphasize career growth and development. Building career paths, allowing people to grow within an organization, has become very important for employees."

But if workers are questioning their career paths and life decisions more, it doesn't appear to have affected their psychological well-being. Over two-thirds of the respondents (70%) say their remote workers do not have significant problems maintaining their mental health. A similar percentage (68%) report that their remote workers either have minor issues or no issues at all with regards to feeling isolated.

"A lot of companies are prioritizing things like emotional wellness, which they hadn't done before," says Rozen. "It's now in the lexicon. Leaders have to focus on what's important to their employees, and that includes mental health. From a cultural standpoint, that is big for workers."

The impact on companies

Although much of the focus on the shift to remote work has emphasized how workers have benefited, it's also true that there are advantages for companies as well.

First, almost half (49%) of the respondents are sourcing talent for work that can be done remotely from a broader geographical area than before COVID-19. This is especially true for larger middle market companies (i.e., \$50 million to \$1 billion in annual revenue); 59% of them say they are opening up their talent pool to workers who may not be located in the same city, or even the same time zone, as their bosses.

Furthermore, increased flexibility and autonomy often have positive effects on worker morale. Happier employees are more productive employees, and they are also more likely to stick with the organization.

"We know that having a happy worker is good for the company," says Tu Nguyen. "But it's also good for the overall economy, because healthy workers are happy consumers."

However, not all the news is upbeat for companies. The pandemic has forced middle market organizations to adjust to a new reality, one that was not predicted or even imagined. As a result, many companies are still trying to find their way.

"Corporate leadership is going through a state of shock; and quite frankly, they're not doing well because you

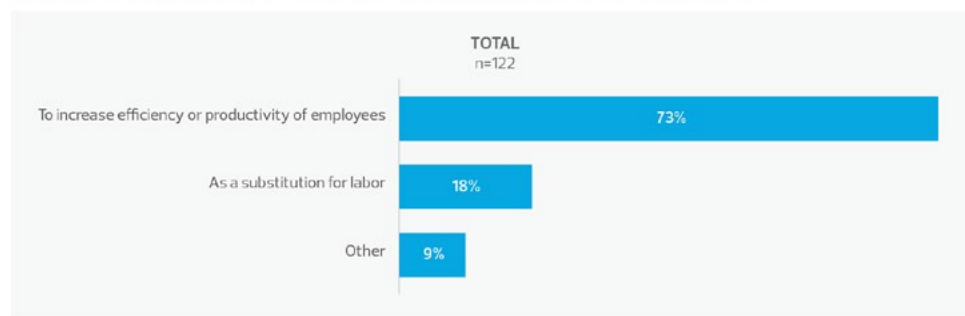
can see the employee churn," says Brusuelas. "When you've been told for 20 years that this is how you operate, and then you get a shock of this size, and then you get people saying you need to think anew, it can be very difficult and very challenging."

In response to the upswing in telecommuting, many companies have had to set up new systems of accountability and supervision, as well as invest in better cybersecurity. Of the respondents that say that staffing open positions is extremely, very or somewhat challenging, a majority (59%) are planning or considering investing in automation or information technology. An overwhelming majority of those organizations (73%) say their goal is to increase the productivity of their employees. These organizations are not interested in reducing staff or replacing workers. Rather, they view automation as a tool for improving the productivity of their staff, and by extension, as another method for increasing the job satisfaction of the employees whom they are so eager to hold on to.

"Organizations are looking for ways to cut administrative and repetitive tasks," says Rozen. "There's a lot to be said for automating tasks that can take hours, like filling out paper forms. Companies can save time and money, and create a better employee experience by automating and focusing employees on high-value areas."

Primary reason why organization is planning or considering investing in automation or information technology in response to staffing challenges

BASE = PLANNING OR CONSIDERING IN AUTOMATION/INFORMATION TECHNOLOGY



Source: RSM US Middle Market Business Index, Q4 2021

Returning to the office

Going back into an office can be disorientating for workers who have not set foot in their company's building for months, or for those who have joined the business virtually during the pandemic. Even the simple act of offering a handshake could provoke confusion.

"Something that we all were programmed to do before now makes us stop and think, and we have to check with the other person," says Montoya. "Is everyone comfortable with a handshake? Probably not. So how do we navigate that? There's going to be some element of 'What do we do, and what was our normal before?' We're all going to have to be flexible with that."

In addition, different localities have different rules regarding vaccination status and mask mandates.

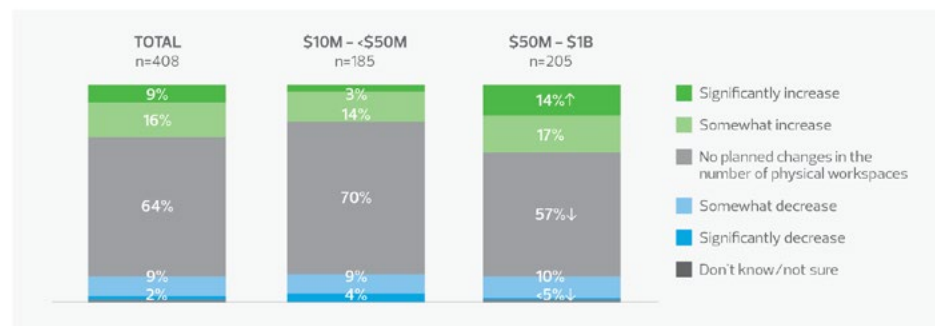
And those rules often provoke pushback from employees. Companies will need to balance the well-being of their employees and clients with the limitations of their office spaces, all while adhering to federal or state laws.

"As companies move to a hybrid workforce, they have to think about safety in the office," says Rozen. "And it's not just face-to-face conversations. How do you manage OSHA regulations, vaccine tracking, COVID-19 testing and components like that? How do you utilize your systems effectively?"

There is also the question of how workers with different schedules will be assessed. Will all team members have their performances measured by the same standards, or will there be adjustments based on the person's work model?

Over the next two years, which best describes organization's plans for the number of physical offices or workspaces for employees

BASE = TOTAL SAMPLE



Source: RSM US Middle Market Business Index, Q4 2021

ARROWS = Significantly higher/lower than \$10M--\$50M at .05 level of significance

68%
of the respondents employing a hybrid model have plans to retain permanent workspaces.

The companies that are forcing employees to go back to the office are going to lose out on talent. Eventually, they will have to recognize that they need to adapt to the new world, or they're not going to be very competitive.

Dr. Tu Nguyen

RSM Canada Economist

To compound matters, a lingering bias against remote or hybrid work still exists. Some studies have shown that company leaders are more likely than non-executive employees to want to return to the office full-time. This may relate to a generational divide over the future of working. Baby boomers and Gen Xers, who are often company leaders, are more amicable to returning to the traditional office. However, millennials and Gen Zers are bigger fans of the hybrid model or full-time telecommuting. Younger workers often prioritize the option of hybrid or remote work so highly that companies that do not offer the options are at a disadvantage when it comes to recruiting and retaining talent.

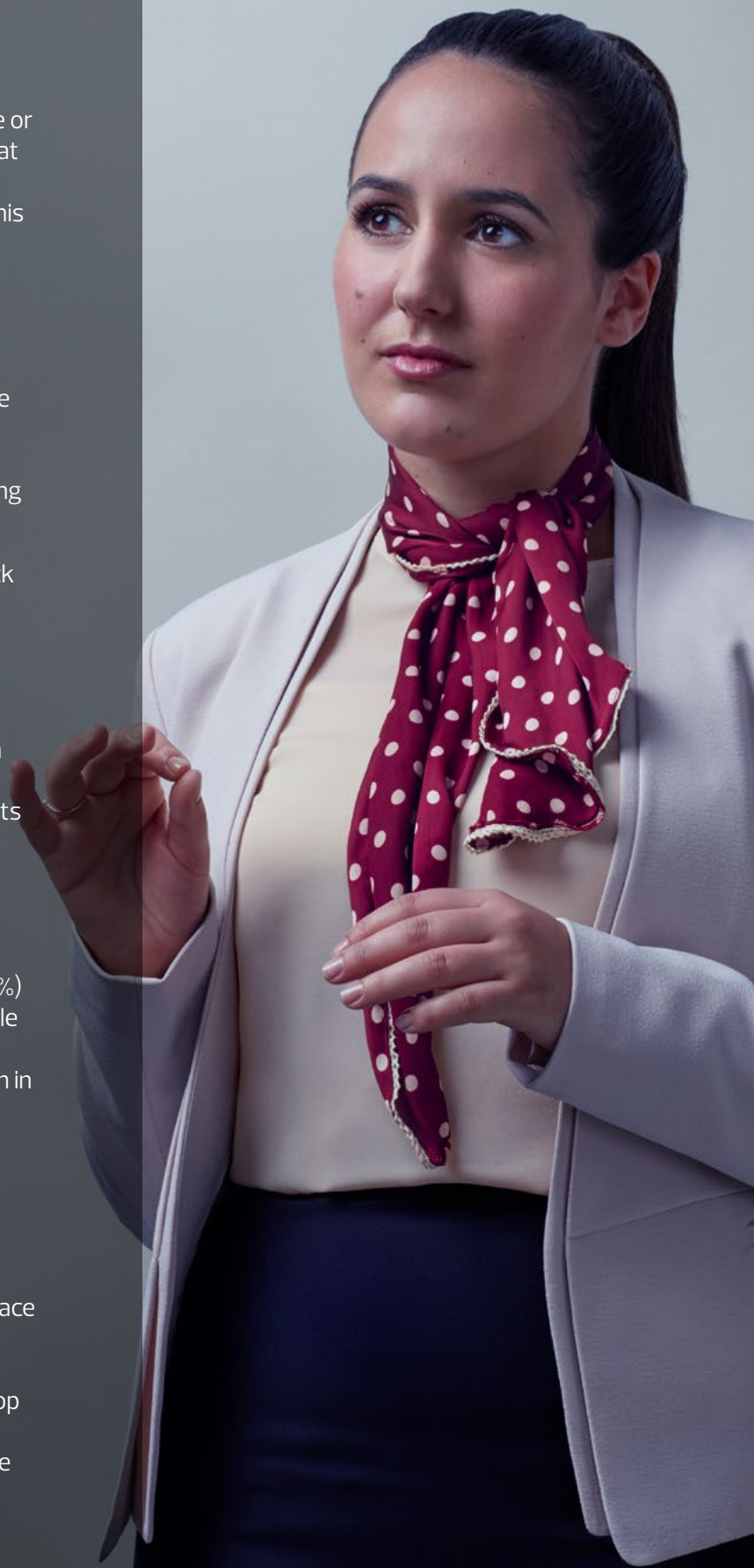
"The companies that are forcing employees to go back to the office are going to lose out on talent," says Tu Nguyen. "Eventually, they will have to recognize that they need to adapt to the new world, or they're not going to be very competitive."

Surprisingly, the shift to remote work does not seem to indicate a looming reduction in office space. This is because over two-thirds (68%) of survey respondents employing the hybrid model have plans to retain permanent workspaces.

Furthermore, 64% of respondents are not planning to reduce the number of physical workspaces in their offices over the next two years. In fact, a quarter (25%) of respondents plan to expand their office space, while just 11% of companies intend to decrease their office presence, providing little evidence of a large reduction in office space in the near future.

As such, the prediction that workers returning to the office would have to forego their permanent workspaces, or rely on hoteling, doesn't seem to be coming true.

"Many companies are committed to large physical space expansions, even if they don't have concrete plans to be back in person," says Laura Dietzel, partner for RSM. "State-of-the-art buildings are commanding top rents and exceeding leasing goals; so top-tier offices are winning market share while aged office spaces are becoming obsolete."



The war for talent

The headlines are correct. The COVID-19 world is a workers' market.

"It's going to be a long-term battle," says Tuan Nguyen. "Companies want to attract talented people who are productive, creative and work harder. And they've proven that they are talented because nothing can stop them from collaborating and innovating, not even a pandemic."

However, middle market companies face significant hurdles when it comes to attracting the most talented employees, and even holding on to their current employees might be challenging.

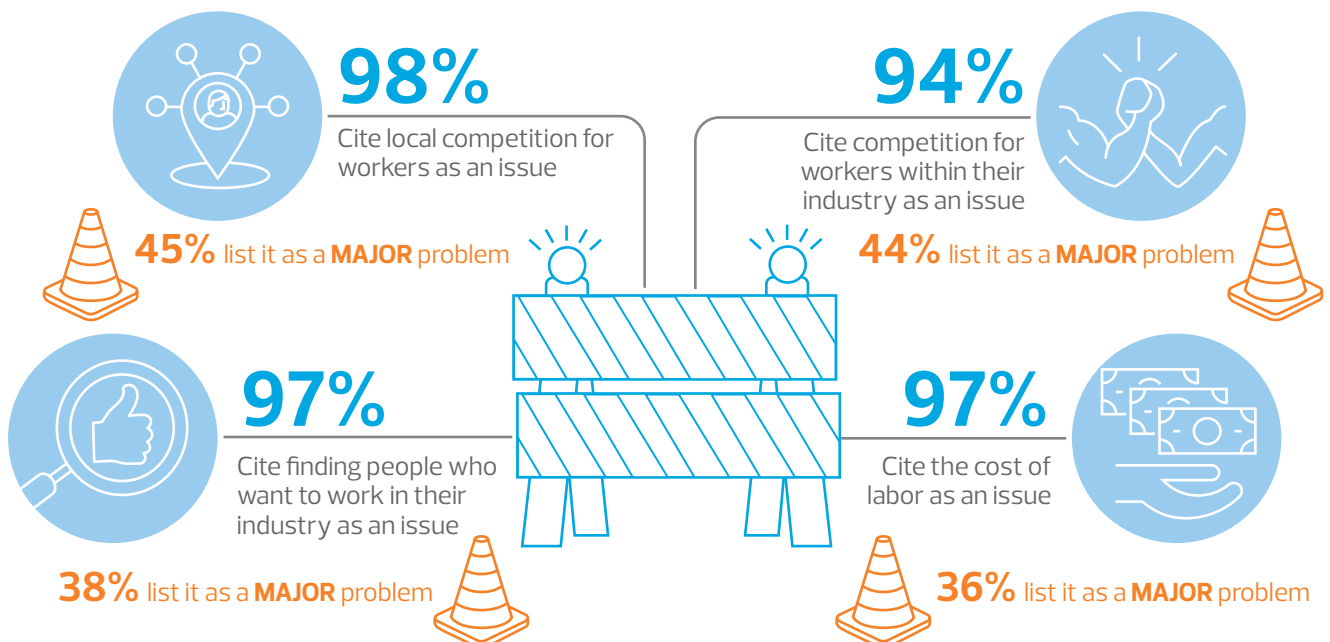
Although over half (56%) of respondents plan to ramp up their hiring over the next year, they are under no illusions about how difficult this will be. Of these, over 90% of organizations admit that it will be at least somewhat challenging to staff their open positions; the outlook is not much better with regard to retention, with 85% of companies stating that staff turnover will be a challenge over the next year.

There are many reasons why middle market companies are anticipating staffing issues. The most obvious factor—a lack of available qualified workers—was cited by 96% of respondents, including 43% that declared it to be a major issue. Indeed, the unemployment rate has dropped from over 6.3% at the beginning of the year to 4.2% in November, which was the lowest rate since before the pandemic. Workers can afford to be picky about which organizations they join, and as a result, 45% of respondents stated that they increased hiring.

However, even more companies said that the local competition for workers was a primary reason for their hiring difficulties. Slightly fewer companies said that the competition for workers with other employers in their industry was a factor. Companies also said that they had issues finding people who wanted to work in their industry, and that the cost of labor was an additional obstacle to full staffing.

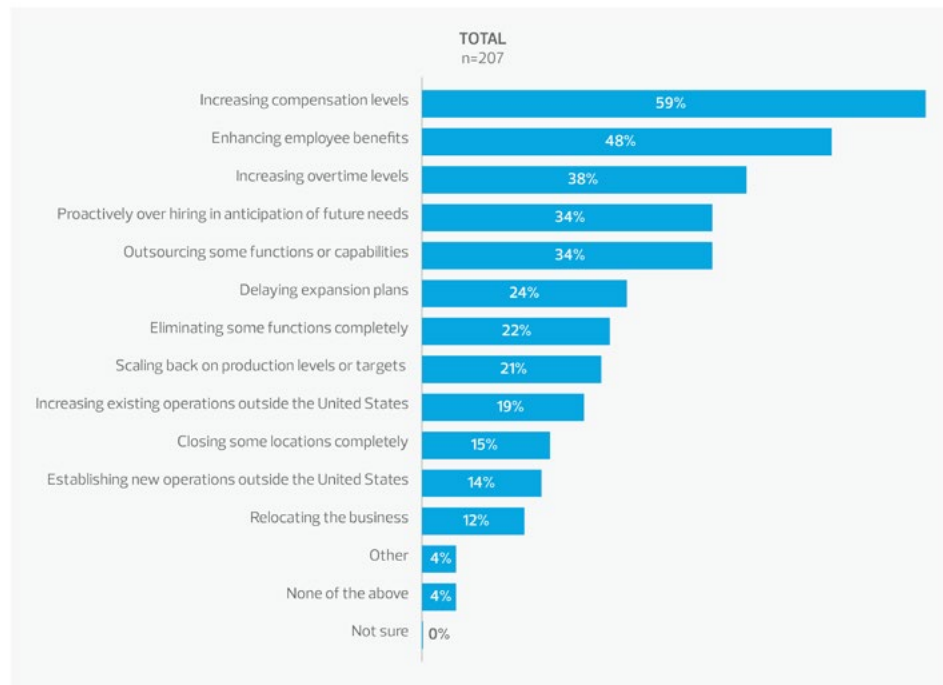
"The labor market is going to remain tight for the foreseeable future," says Brusuelas. "The balance

Roadblocks facing companies searching for labor resources



Which of the following actions is organization planning or considering over the next 12 months due to staffing challenges?

BASE = STAFF OPEN POSITIONS WILL BE EXTREMELY/ VERY/ SOMEWHAT CHALLENGING



Source: RSM US Middle Market Business Index, Q4 2021

of power has shifted from management to labor. Wages are going up, and they're going to stay up. We're going to be short on labor for a period of time, and the best way for management to proceed is with the assumption that they're not going to get all the workers they would like."

Of course, organizations are not simply giving up. In an effort to recruit and retain people, 59% of respondents plan to increase compensation, and 48% of these companies intend to enhance their benefits. However, no other strategies seem to have a strong following among such companies. This seems to indicate that many organizations are still trying to attract people with the traditional offers of better pay and benefits. But those approaches may be limited.

"We have a new workforce with a different set of expectations," says O'Rourke. "They want work-

life balance. They want flexible work arrangements. They want to work for companies that have strong brands in the community."

In response, some companies are offering paid parental leave, educational assistance and other benefits that might resonate with a younger workforce. Furthermore, many companies are now overhauling their [environmental, social and governance](#) (ESG) programs and emphasizing their culture, diversity and inclusion (CDI) initiatives.

"If you look at what's important to younger talent, it's definitely topics that weren't front of mind before," says Montoya. "'Is this workplace inclusive?' 'Is the mission of the company something that I agree with?' Topics such as ESG and diversity, equality and inclusion are going to be more important than they have been in the past. And employees are more than comfortable asking about this."

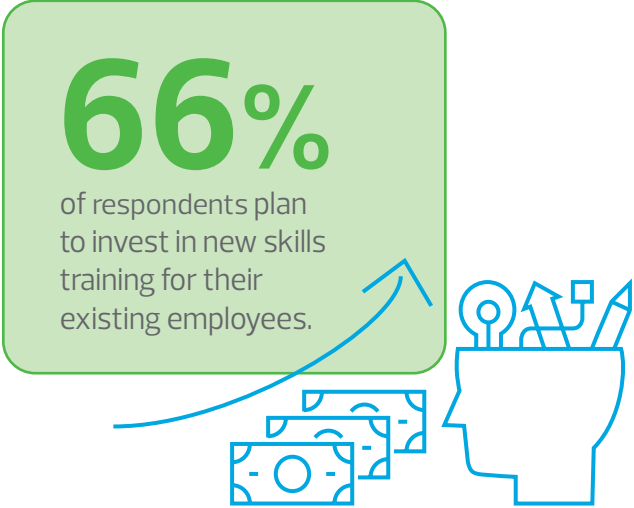
The future of work

As we transition from a pandemic to endemic environment, middle market companies are considering the areas in which they want to invest over the next year. For example, 66% of respondents plan to invest in new skills training for their existing employees. Clearly, keeping talented people on board will continue to be vital for middle market companies.

But for many companies, the strongest legacy of the pandemic is likely to be the establishment of the remote or hybrid work model. Going forward, companies will need to demonstrate their flexibility to potential employees.

“Flexibility is the new sign-on bonus,” says Rozen. “Workers have seen the benefits, and they are going to target organizations that will be flexible. The pandemic has uncovered the potential.”

Another permanent change is the fact that so many older workers retired, taking their experience with them and leaving a large hole in the workforce. Some studies estimate that over 3 million baby boomers retired during the pandemic. In many ways, baby boomers have taken the brunt of COVID-19, in terms of illness and death, and



many older workers may have chosen to leave the workforce to enjoy their golden years. Older workers are also less likely to be on the cutting edge of the technology that will be needed in the future, and many may have been motivated to retire early rather than tackle a new skill set late in their careers.

“What you see is an era coming to a close in a very abrupt manner,” says Brusuelas. “It’s not what we wanted, with the labor force shrinking, even



Flexibility is the new sign-on bonus. Workers have seen the benefits, and they are going to target organizations that will be flexible. The pandemic has uncovered the potential.

Marni Rozen

Human Capital Consulting Director, RSM US LLP





though we knew the demographics. The aging of the boomers meant the rate of growth in the labor force would decelerate, but it has slowed even more, and American firms have not made the adjustment to catch up."

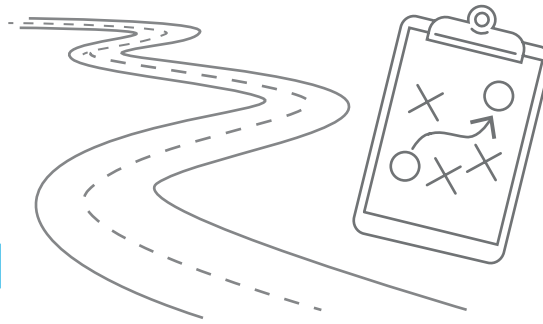
In addition, the pandemic has hit working mothers harder than many other cohorts. In the future, companies will need to demonstrate a commitment to make work life more fulfilling for them.

"It's really important to think about women in the workforce and all the difficulties and changes that this group has been through," says Montoya. "Their needs should be built right into the company's organizational structure."

Ultimately, middle market companies will have to be nimble. Leaders will need to adjust to the demands of a new workforce and a different way of working. And the first impression that a company makes on a new employee is likely to be crucial.

"The decision to join a company is not necessarily fact-based, and is more emotion-based," says O'Rourke. "It's often grounded in 'Do I like the people I've met so far?' There are a lot of things that companies can do during onboarding to get people engaged and get them excited about staying with the company."

The way forward



With the rise of COVID-19 variants such as omicron, middle market companies may not be considering what comes after the pandemic. However, businesses can strategize for the future based on what they know about the changing environment. And the principles that have guided the most successful companies—innovation, boldness and teamwork—will continue to be essential.

“In the same way that accountability is a two-way street between those who work and those who manage, workplace innovation is not always going to fall on the backs of people who earn wages for a living,” says Brusuelas. “It also falls upon management. They have to innovate their way and think their way out of these problems. It’s going to be a challenge, regardless of what industry you’re in.”

The middle market companies poised to thrive as we move from pandemic to endemic will focus on the most pressing challenges of this new world. The cornerstone of the changing business environment is the prevalence of remote or

hybrid work models, which are likely to create a permanent shift in how people work. Companies will have to be more flexible and offer work settings that appeal to employees, especially younger workers. In addition, labor shortages and staffing issues will continue to be a problem for the foreseeable future.

The office of the future will not just look different than it did in 2019. It will have different standards and employ people with different priorities and needs. In essence, the world has changed, and it is not changing back.

“Research has shown that once-in-a-lifetime events fundamentally alter human perception and behavior,” says Tu Nguyen. “The pandemic is similar to World War I, World War II or the Great Depression in that those events rewired human brains. People who lived through them just think differently. And that affects how people work, and more importantly, how people live their lives.”

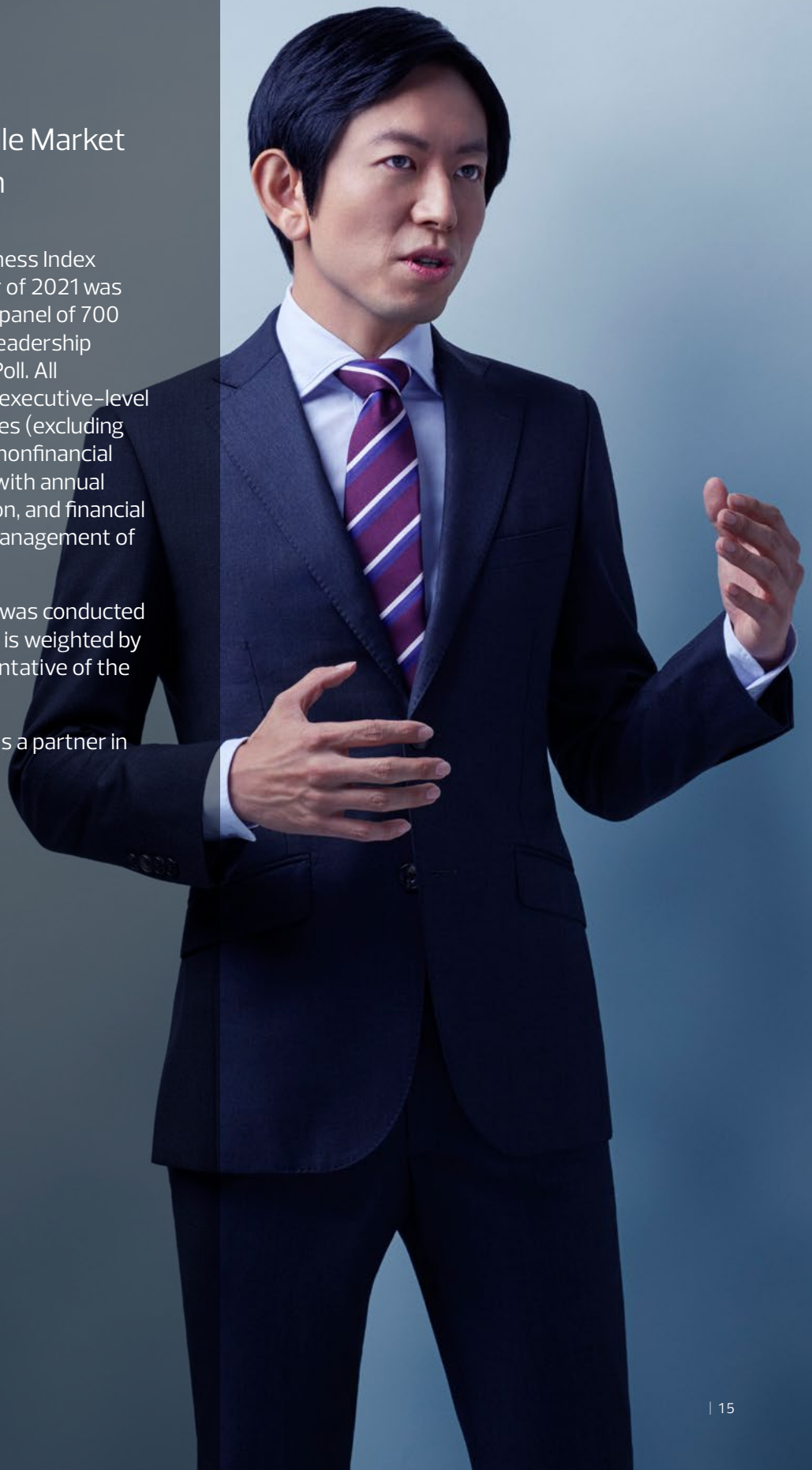
Methodology

About the RSM US Middle Market Business Index research

The RSM US Middle Market Business Index survey data in the fourth quarter of 2021 was gleaned from RSM's proprietary panel of 700 executives (the Middle Market Leadership Council) recruited by The Harris Poll. All individuals qualified as full-time, executive-level decision-makers across industries (excluding public service administration) in nonfinancial or financial services companies with annual revenues of \$10 million to \$1 billion, and financial institutions with assets under management of \$250 million to \$10 billion.

The 2021 fourth-quarter survey was conducted from Oct. 4 to Oct. 21, 2021. Data is weighted by industry to be nationally representative of the U.S. middle market.

The U.S. Chamber of Commerce is a partner in this research. ■



The new normal for taxes

As workforce changes become permanent, what are the tax implications?



Companies had to react quickly in 2020 to deal with a flood of changes in how and where their employees worked, and temporary relief programs shielded them from a number of tax consequences. In 2021, though, these remote and hybrid workforce models have become the norm, and companies “have no excuse” for failing to understand the implications on tax obligations, said Brian Kirkell, RSM partner and leader of the firm’s Washington National Tax state and local tax team.

“The pandemic is done, as far as state taxation is concerned,” he said. “If you have employees in a state and you’re doing things in that state, that’s going to be viewed as you are purposely doing things in a non-emergency situation.”

Implementing and maintaining remote work arrangements require due diligence on the issues of immigration, data privacy and security, employment law, payroll obligations and more. Organizations also need to assess how compensation and benefits may have shifted.

A company’s tax function can’t do all this work in isolation, said Anne Bushman, RSM partner and leader of the firm’s Washington National Tax compensation and benefits practice.

“Tax, legal, human resources, IT—they all have to come together to wrap their arms around this,” she said. “The best practice is to spend some time thinking about that and developing a policy. The employer is carrying a lot of risk here if they aren’t asking these questions.”

Among the key questions, these teams should be discussing to develop such policies:

- Who will own the policy development and compliance management?
- Who will approve possible incremental cost?
- Who will identify authorized versus unauthorized host jurisdictions?
- Who will document the approval process?
- Who will define the employee preferred profile for remote arrangements?

Not making a decision in these areas is also a decision in itself, Kirkell said.

“If you don’t have a policy, you actually do have a policy—and it’s burying your head in the sand,” he said. “Be deliberate, keep your head up, look at all of this stuff, make sure you understand it and that you’re taking advantage of credits and incentives and managing the risks.”

Challenges for human resources

Aligning HR with the needs of the new workplace



For many leading companies, human resources had already begun a transition prior to the pandemic, from being tactical order takers to becoming more forward-looking and strategic. But COVID-19 abruptly changed the focus for HR departments and created opportunities for the function to take more of a leadership role within the business.

As soon as the scope of COVID-19 was coming to light, HR became the front line of defense for organizations. HR was responsible for triaging issues that arose every day, including contact tracing and managing a remote workforce (some for the first time), all while maintaining compliance with industry guidelines and testing regulations.

“At the beginning (of the pandemic), we saw a lot of clients that didn’t know how to handle the outbreak and disclosures,” says Rozen. “But now, most companies have defined their COVID-19 and remote work policies, and several tools have been important to help manage testing and contact tracing.”

With those key mechanisms in place, as a business partner, HR now must focus on developing strategies to address concerns such as the Great Resignation and skills retraining. It’s incumbent on HR to focus on the future and define what skills will be necessary, developing career frameworks that make sense and helping the organization understand what is necessary to enhance the workforce.

Much of the firefighting within HR to manage policies and compliance requirements is still necessary,

but the function cannot just keep its head down and focus on those tasks alone. In the current environment, employees are leaving because they do not have development opportunities, a clear career path or, in some cases, compensation that is aligned with the market.

“Everybody is going through the same thing,” said Rozen. “What the workforce wants now is very different than what it wanted two years ago. You are either going to trail and have to catch up when you are bleeding people, or you can get in front of it and be proactive around what can keep employees and attract them to your organization.”

To some degree, HR is responsible for coming up with competitive employee value proposition components. For example, making recommendations on market price compensation, potential sign-on bonuses, flexibility and work-life balance, and necessary skills for the future. Ultimately, HR has an opportunity to drive those decisions and help shape the culture of the company.

“Employees are telling companies what they want,” said Rozen. “Those that are taking the time to listen to their employee base through focus groups, listening sessions and surveys are coming out with a lot of great insights. Rather than listening to the people who are leaving, it’s more impactful to listen to those who want to stay and what they need for their future.”

A lasting effect

Insight into COVID-19's effects on company culture



Culture is a critical measure of success for middle market companies. With a consistent, positive culture and common goals, employees provide more effective client service and produce better work while turnover is often reduced—a definite positive in times of staffing shortages. However, the COVID-19 pandemic has made building and maintaining an effective culture an even more difficult task as employee contact has become limited.

As a part of the MMBI research, survey respondents provided details into how COVID-19 has affected their organizations. The pandemic environment and the shift to a more flexible work strategy has actually been a positive for many companies from a culture perspective.

“A more collaborative work environment has emerged,” said one retail respondent. “When we do come together, there is a better feeling and a lighter, more friendly work environment.” Another respondent in the construction industry has seen a better connection with employees. “I think that the employees are more committed and engaged since they can have a better work-life balance,” they said.

For many companies, technology has helped to sustain a strong culture. “We’ve gotten more computer literate with Zoom and other meetings,” commented one health care and social assistance executive. “We became efficient with some systems that we had to put in place for testing, and communication with our staff has improved.”

However, many companies have unsurprisingly seen a negative effect on their culture since the onset of

the pandemic. In many cases, losing opportunities for in-person interaction has created difficulties.

“I think (the pandemic) has affected us negatively,” said one professional, scientific and technical services executive. “There is much less collaboration and exchange of ideas. You cannot just walk down the hall anymore.” Another respondent in the same industry echoes that sentiment. “The watercooler talks and bonding are near zero,” they said. “This causes a lack of coherence within the organization.”

Whether in a pandemic or in more normal times, company culture is an ongoing evolution. Making frequent adjustments is often necessary, and those have become more important when navigating through the COVID-19 pandemic.

“At the beginning, the pandemic affected us negatively, but we had to undergo major change to make sure it ended well,” said one manufacturing executive. Another professional, scientific and technical services respondent detailed the changes necessary to keep culture at the forefront of their organization. “(COVID-19) has made effecting change on our culture a challenge. We have increased communication and company-wide communication to help have a positive culture through the pandemic.”

Ultimately, the approach that one wholesale trade executive has taken may be the best to maintain an effective culture in a pandemic environment: “We have all learned to go with the flow.”



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