



# A delicate balancing act

As technology transforms the workforce, organizations must help people define work on humans' terms



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# It is time for a new worker covenant.

**American workers know that new technologies will continue to dramatically change how they work. But they still expect employers to be responsive to their needs.**

If the workplace upheaval caused by COVID-19 was the catalyst for a great work-life reconsideration, then generative artificial intelligence (AI) is a new spark for a nervous reassessment of work itself. As organizations consider how to turn this watershed technology into a lasting advantage, questions remain about what its impact will be on the workforce and the employee experience.

Organizations are walking a tightrope. Talk too much about the efficiencies and productivity gains of this technology, and they risk unsettling their workforce. Lean too much into protecting work-life balance—and jobs themselves—and they risk falling short of their goals for productivity gains and new labor capacity. Finding the right balance that preserves worker engagement and the broader strategic mission for generative AI will be an ongoing challenge.

The good news is that balance is possible. Employees are pragmatic about the coming changes. Still, they are reluctant to concede hard-won gains in employee satisfaction, and hope that this technology and their organizations can help them be more productive, better supported, and less stressed at work.

In the fourth KPMG American worker survey, those dynamics rose to the surface. In summer 2023, we surveyed more than 1,800 employees across industries about topics such as tech's impact on work, expectations for work-life balance, remote working, and productivity. The results paint the picture of a workforce that is confident it can handle these changes but is looking for their organizations to continue to prioritize their development and protect employee well-being.

This report highlights notable findings from the survey and explores key actions that employers can take now to help their organizations best prepare their employees for technology transformation, deliver the best employee experience, and retain and support valuable talent.

## Survey participants

We surveyed more than 1,800 US-based employees representing industries including consumer and retail (26 percent); healthcare and life sciences (20 percent); government and education (12 percent); financial services (12 percent); investment management (10 percent); technology, media, and telecom (9 percent); energy (2 percent); and other (10 percent). They all worked for organizations with at least 5,000 employees, and more than 50 percent worked for companies with at least \$1 billion of revenue.

The largest percentages were experienced professionals (29 percent), middle managers (16 percent), and entry-level employees (14 percent). Executives and senior managers were 8 percent of the total respondents. Ninety percent were employed full time, and the other 10 percent were employed part time.

Women respondents (68 percent) far surpassed the number of other respondents, including Men (30 percent), Non-binary (1 percent), Transgender (0 percent), Other (0 percent), and Prefer not to say (0 percent). Millennials (41 percent) were the most represented of the four generations (Gen Z, Millennials, Gen X, and boomers).

More than half (58 percent) work fully or almost fully in a physical office, while just 25 percent were fully or mostly remote.



**We are entering a new age of tech-supported innovation in knowledge work. The goal needs to go beyond cutting jobs. The ultimate goal should focus on helping people be their most creative and satisfied selves to reach full employee engagement.”**

**– Felicia Lyon  
Principal, Human Capital  
Advisory**





# Key survey findings

## 01 Middle managers will be vital change agents.

Workforce transformation depends on management's ability to translate high-level vision into productive action on the front lines. Middle managers will play a pivotal role here, reconciling broad strategic goals around technology-assisted jobs, flexible work arrangements, and reskilling to the realities and expectations of those they manage.

Executives—often removed from day-to-day operations—will depend increasingly on middle managers to take the pulse of their teams, communicate goals, and reinforce what is working. Balancing humans and generative AI at work, for one, will be a critical skill for future managers, 31 percent of respondents believe. Another issue will be ensuring that employees stay connected to the mission and purpose of the organization, 26 percent of middle managers (versus 15 percent of executives/senior managers) say.

To do their part effectively, middle managers will need to buy into the promise of workforce initiatives, especially those around generative AI. Survey data show executives/senior managers have some work to do to influence middle managers. Generally, executives/senior managers are more optimistic than middle managers about improving their work flexibility and agility (80 percent versus 63 percent), job outlook tied to remote work flexibility (74 percent versus 49 percent), and improved team productivity thanks to virtual work (79 percent versus 49 percent).

Middle managers are more confident, however, about their ability to meet future productivity demands than their executive counterparts. Our data shows they are also less concerned about the impact of organizational upheaval on their own roles. In fact, almost twice as many executives/senior managers (59 percent) as middle managers (31 percent) said that their job will become obsolete within three years due to technology. More executives/senior managers (61 percent) than middle managers (37 percent) said technology had already affected their work-life balance negatively.

Importantly, middle managers are less optimistic than executives/senior managers are about their opportunities for advancement and training. Roughly half of middle managers said they have been offered a wide range of career opportunities in their organization (51 percent) or have adequate access to sponsors and advocates (52 percent). About the same number (49 percent) said the flexibility of remote working creates more job opportunities for them.

Supporting middle managers, creating opportunities for them, and emphasizing their importance to the organization are key to managing the significant workforce changes on the horizon.

### » Key actions

As middle management grows in importance, their role will need to evolve.

Employee engagement surveys across industries show us how the quality of manager relationships determines worker satisfaction, engagement, and retention. With so much tech-supported change occurring, middle managers will need to decode what it all means for the workforce and translate it into a credible, motivating message of self-determination around roles, training, and professional development.

Command and control from middle managers will not cut it anymore. Organizations must embrace a more fluid manager-as-coach mandate, bringing a modern apprenticeship capability to management to influence and lead the next-generation workforce. This new mandate will include coaching teams through these kinds of transformations. To be effective, middle managers will need leadership support, upskilling, and the authority to make this transition.

# 59%

**of executive and senior-manager respondents and 31% of middle-manager respondents believe their job will become obsolete within three years due to technology.**

## 02

# Some see technology as a “friend,” others as a “foe.”

Most of our survey respondents understand that technology will bring significant changes to the workplace. Three-quarters of those surveyed, in fact, believe that technology/AI will automate some portion of their job. Among executives and senior managers, 72 percent say advances in technology will significantly impact their role, while 57 percent of middle managers expect the same. Many managers believe that technology will make their jobs obsolete, the survey shows.

Even so, sentiment toward new technology in the workplace is generally positive, a sign of belief in the productive possibilities of technology co-working. Millennials—who grew up with technology—are most likely to believe (68 percent) that tech will enhance their productivity. Overall, 63 percent of respondents agree.

Workers are concerned, though, that better productivity from new technology will increase demands for even more productivity. More than half of respondents reported an increase in workload over the past three years. More than 40 percent of Gen Zs and Millennials worry their workloads will become unmanageable. Gen Z respondents were also more likely than respondents from other generations to believe that technology would negatively affect their work-life balance. Switching off from work, given always-on technology, is getting harder, especially for younger workers.

Some, however, are still shrugging off technology’s potential impact on work. Among those, boomers represent the largest proportion of any generation at 40 percent. As they near retirement age, they may be less focused on possible changes to their jobs or are preparing to retire and run out the clock.

### » Key actions

It is possible to address workforce concerns about technology, work-life balance, and opportunity while harnessing worker optimism about the future to achieve productivity and capacity gains.

Encourage employee-led initiatives to define new ways of working. Empower staff to solve the workplace challenges of generative AI, and to redefine how their work gets done. Start from the bottom up and demonstrate that technology can and will be used for good for the organization, customers, and workforce. Taking a hierarchical, top-down approach to transformation will stifle innovation and kill morale.

Provide support for reskilling, proactively communicate about changes, and demonstrate how the human-AI collaboration can deliver benefits for all. By encouraging cross-functional collaboration and engagement, too, organizations can begin to create a common language, mission, and purpose for the next-gen workforce, and build trust in the methods and motivations behind the transformation. Creating an innovation hub—with use cases, best practices, and successes—will support this approach.

To learn more about workforce transformation, read the KPMG [Generative AI for the Workforce](#) paper. KPMG is putting its own generative AI practices to work internally through an industry-leading initiative with Microsoft. Read more [here](#).

# 75%

of respondents believe that technology/AI will automate some portion of their job.

# 72%

of CEOs say AI is a top investment priority despite uncertain economic conditions.





## 03 Work-life balance remains important.

Workers are keen to hold their ground on the gains to work-life balance made during and after the COVID-19 lockdowns. And while they are optimistic that technology can improve productivity, they also worry that it might rob them of personal time. Organizations are eager to absorb and harden into their culture those practices that truly improve workplace experience, so long as they do not hurt productivity.

Among these practices, remote work has become a polarizing issue. Executives mandating more time in the office often cite “culture” for their decision to change course on remote work. But there may be other motivating concerns behind the shift. In our survey, 61 percent of executives and senior managers said they were worried about meeting future productivity expectations and standards. Given the amount of workforce change coming, bringing workers back on site may be one way to manage reskilling and alleviate concerns about properly training younger workers.

Some organizations now view remote work as a primary employee perk, while others are conceding to it for now. The survey data shows, though, that even those who once valued their time working from home are now increasingly likely to come back into offices. Men are more likely than women to express a preference for working fully at an office, at 44 percent versus 32 percent. That is an increase year over year from 2022 for both men and women, from 32 percent and 23 percent, respectively. For Millennials and Gen X, the preference to work fully remotely significantly differs if you are male or female, which could reflect working mothers’ desire for more flexibility, as well as the continuing crisis when it comes to daycare due to staffing shortages and expiring pandemic-related subsidies.

Offering remote work is just one approach organizations have tried to meet their employees’ calls for better work-life balance. Respondents cited a reduced work week and more flexibility for non-work needs as other solutions organizations could offer to support a healthy work-life balance. On the former, 69 percent of respondents said a reduced work week would improve work life balance, with 74 percent of Millennials agreeing. On the latter, flexible working was a priority for everyone, but particularly for Gen X (53 percent).

### » Key actions

Managing a virtual team can be challenging. As leaders at more organizations require workers to come back to the office, the onus falls more heavily on middle managers to outline and advocate for an acceptable vision of hybrid work. An inclusive approach addresses the cultural and professional impacts of working virtually while acknowledging the workforce’s need for flexibility. Investing in technology that improves connectivity, teaching managers how to better lead across virtual boundaries, and establishing team norms, regardless of location, can help.

In the case of working virtually, it is imperative that those off-site have the same opportunities for information sharing, career development, and advancement as those in the office. That is especially true given the disparity in hybrid work preferences between those who identify as men and those who identify as women. Surveys show that women still bear a disproportionate amount of responsibility for running the home; leaders need to think more inclusively about supporting them through programs like informal mentoring and flexible work schedules.

# 44%

of respondents who identify as men express a preference for working fully at an office versus 32% of those who identify as women.

# 87%

of US CEOs say they will reward employees who make an effort to come into the office with favorable assignments, raises, or promotions.

According to KPMG’s...**Felicia Lyon**, there is no “one-size-fits-all” approach for CEOs to get employees back in the office. “Research on work-from-home reveals that people are willing to give up pay to have more flexibility, so rewarding in-office time could be beneficial and help close the productivity gap between fully remote workers and hybrid,” she said. “However, mandated returns pose risks such as loss of diversity and adverse selection, morale and other issues—especially considering that people companies lose are those most able to job hop.”

—Footwear News

## Workers are future-ready, but not quite bought in.

Workers are confident in their ability to adapt to the changing face of work and believe in both their capacity to learn new skills and the willingness of their employers to support them. As their organizations evolve, employees will continue to find meaning in their work by connecting to their organization's mission, strategy, and purpose. While a minority (23 percent) believe it will be managers' job to establish and maintain this connection, a majority (71 percent) say that the mission and purpose of the organization make them feel their job is important. In addition, 72 percent of respondents agreed that their current job is aligned to their organization's strategy and purpose.

Also, a less-than-optimal result is the 69 percent of respondents who said that over the past three years they had the same access to information as their colleagues, whether they worked virtually or on site. If information transparency and availability are important to collaboration and productivity, this gap suggests some are missing out on opportunities to work more effectively.

To meet the demands of future work, respondents said they will rely more on teaming with their colleagues. Looking ahead to the next three years, 74 percent said collaboration and teamwork will continue to grow in importance. For younger generations, being comfortable at work is a priority, especially as it pertains to mental health. Gen Z (49 percent), Millennials (48 percent), and Gen X (43 percent) said that creating an environment where people feel comfortable addressing mental health is important. In almost equal numbers, Gen Z and Millennials believe their leaders will prioritize mental health in the next three years. Gen X and boomers are not as convinced.

### » Key actions

Transparency and communication are foundations of trust in an organization. Leaders must take great care to show and explain how new roles and organizational structures fit into their broader business strategy. As noted above, middle managers play a critical role as corporate translators, bridging the executive suite and the front lines to facilitate a two-way flow of messaging and actionable feedback.

Real buy-in, though, comes from workforce ownership and engagement. Ask workers to deconstruct their own jobs to offload mundane tasks and recreate their roles in a new context of technology-assisted, self-directed work, offering them the education and resources they need to meet the task. Support innovation and create space for intellectual curiosity at every level of the organization.

If the future of work is collaborative, as so many leaders believe it is, then build teams now to take up this challenge of transformation. The bonds forged through this shared, creative reimagining of work will yield long-term benefits in team productivity and human capital outcomes.

# 71%

of respondents agree that  
"the mission and purpose of  
my organization make me  
feel my job is important."



## 05 Explaining the upskilling agenda will help.

Most workers understand that technology will radically change the workforce. Still, 25 percent of respondents did not expect that technology or AI would affect their jobs at all in the future. More though—42 percent—believed AI and automation would cause job displacement and the most disruption to the workforce in the future.

A large majority (81 percent) remain confident that their current skills will fit future jobs. Where new training is necessary, younger generations are more optimistic (51-60 percent) than Baby Boomers (38 percent) that their organizations are actively investing in reskilling to help bridge the skill gaps.

Executives and senior managers, meanwhile, are far more optimistic about their reskilling agenda for their organization. Looking ahead to the next three years, 74 percent say their organizations will proactively invest in reskilling, and 80 percent are confident they will use the latest technology to do it. Middle managers are less sanguine, at 59 percent and 65 percent, respectively, reflecting perhaps a more grounded view on available resources and potential bandwidth for learning.

Offering the right training is critical. Last year, 74 percent of survey respondents said they were getting the training they needed to be successful at their jobs. This year, 61 percent say they have been satisfied with learning and development opportunities in their organizations. The decline could be a sign that workers are unsure of the skills they'll need, and therefore the training, or that organizations have yet to identify the right types of reskilling opportunities for their workforce in the face of technology-driven change.

### » Key actions

Investing time and resources in upskilling for future roles underscores an organization's commitment to human-tech coworking. This training is critical for achieving the productivity gains organizations are targeting through this transformation and, importantly, for managing workforce anxiety about tech-driven job cuts. It is easier, after all, to see the path of your future career when it is designed with you in it. Transparency and trust, again, are key.

# 80%

**of executive and senior-manager respondents and 65% of middle-manager respondents are confident that their organization will use the latest technology for reskilling/upskilling purposes.**

# Help your workforce build their future, and yours.

Every so often, a game-changing technology comes along to revolutionize methods of work. People, invariably, worry that this new technology will replace them. Now a year since the generative AI big reveal, as industry grapples with the technology's potential and perils, American workers are looking for answers to how generative AI will transform their work lives and how their organizations will support them through this workforce transition.

Organizations can clear the uncertainty by empowering their workforce to create the human/tech roles of their future. Engage cross-functional and cross-hierarchical teams in building a vision

of tech-supported work and ask everyone affected to fill in the details.

In this collaboration, middle managers can play a new—if unfamiliar—role as coach and mentor, helping employees more fully realize their own creative potential as part of a self-actualizing team. While a future with generative AI might sound heavily skewed toward tech, by leading with people and their needs in mind, organizations can start to realize the fruits of their generative AI strategy and their commitment to hiring, developing, and retaining a capable and highly skilled workforce.





# Understanding the impact on Human Resources:

Workers' evolving needs and desires with respect to how people services will be consumed will impact how the Human Resources (HR) function will need to operate in this new tech-enhanced landscape. For example, various industries will have very different approaches to addressing their workforce and employee value proposition. That may even mean that HR will need to develop different and succinct messaging that resonates with various personas and segments of their organization.

HR will need to help associates understand their opportunities and the future that will be available as more routine, high-volume work becomes automated. HR must also manage and address the new reality that flexibility and virtual work among office/white collar employees has different demands than on-site and in-person essential workers (e.g., manufacturing, distribution center, retail and restaurant associates, etc.). The variance of skills and changing nature of work will require HR to support the needs of on-site, hourly, hybrid, virtual, contract, nearshore, and offshore associates. And to support the necessary upskilling and change within the organization, HR must also assess the skills and service delivery model of their own organization. HR has an opportunity to lead the future of work in their organization, but to do so means they will need to upskill and be more agile than ever before.

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