

# HR & the workplace of the future

KRISTI STEPP, VICE PRESIDENT OF ORGANIZATIONAL EFFECTIVENESS FOR KELLY SERVICES



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# We have all read the predictions of 'mega change' in the workforce of the future.



We know how quickly technology has changed our world, as well as how it has radically altered the way we access (and compete for) work.

We know how rapidly and how fundamentally the global economy has shifted, and how this has affected the organizations we work for, the local economies they depend upon, and the skills we as workers now need to remain productive and employable.

Most of all, we know that few people could have predicted these changes even a decade ago.

It seems the trouble with predictions is this: even if we are able to predict what will happen, we can rarely predict how quickly those changes will occur, let alone the ancillary changes that will result, nor how we—as individuals and organizations—will respond. In fact, the one thing we do know is that organizational responses are often slower, less uniform and far more challenging to achieve, so predictions alone are often not enough to inspire us to change.

So, what should HR—the function at the nexus of change within organizations, economies and workers—do to aid with adaptation?

**In this report, we look at five key changes that have already begun to occur in the workforce landscape, and provide strategic actions to aid the process of organizational transition to adapt to them.**



Around 1970, the share of employed men regularly working more than 50 hours per week increased for the first time that century in the US.

The proportion of 25–64 year–old men working 50 or more hours per week continues to rise.



# Change of working hours, 1979–2002<sup>1</sup>



<sup>1</sup> <http://www.nber.org/digest/jul06/w11895.html>

'...businesses of all sizes have asked employees to take on extra tasks that have little to do with their primary roles and expertise...some workplace experts say **the superjob is the logical next step** in management's quest to make the workplace more cost efficient.'<sup>2</sup>

<sup>2</sup> <http://online.wsj.com/article/SB10001424052748703859304576309533100131932.html>

## Five key changes



1

Fortunes have reversed, HR will help stem the tide

2

The focus will shift to improving job satisfaction in the face of long hours

3

Successful organizations will see change as a 'mindset'

4

The skills shortage will bite harder, even in emerging markets

5

The multi-gen workforce will require new leadership

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Fortunes have reversed, HR will help

stem  
the tide





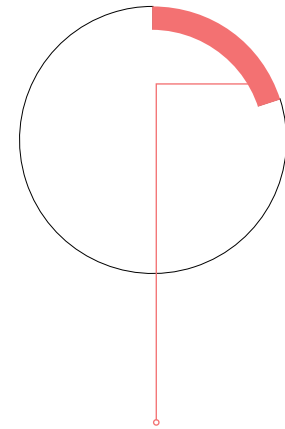
## As the talent shortage increases, HR is under tremendous pressure to **deliver top-quality talent.**

The divide between those who work long hours and those whom are 'underemployed' is growing.

Unfortunately, the higher the wage and the more educated workers become, the greater the share of employment resources (time and money) they consume. It appears that the more work you have, the more you are likely to get, and vice versa.

It would seem obvious that there would be a strong positive correlation between hours worked and earnings, yet this correlation has become so dominant and self-perpetuating that it risks burning out the top performers and starving the less experienced of what they need to learn and develop.

Take this statistic as an insight into just how dramatic this shift has been: in 1983, the lowest paid 20% of workers put in longer work hours than the top-paid 20%. Yet, fewer than 20 years later in 2002, the best-paid 20% were twice as likely to work longer hours than the bottom 20%.



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In most of the developed and emerging world now, work hours are increasing even while permanent workforces are downsizing or outsourcing. And, just when we think we can't work harder, technology increases connectivity and allows us to remain 'always-on'.

Clearly, new work is being funnelled into existing roles that are already filled with experienced, high-earning workers at the expense of those who need more opportunity to learn and earn. But, how much pressure can be brought to bear on employees who already work the longest hours?

**Something's got to give. And if anyone knows it, HR professionals do.**



The focus will shift to improving job satisfaction in the face of

# long hours

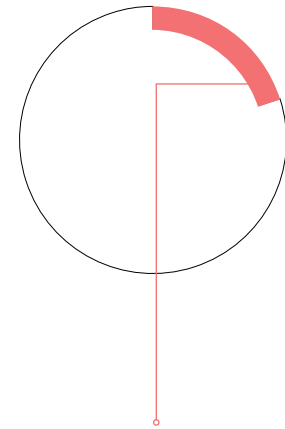


## More opportunities and higher earnings are great, but only to a point.

We know there are many factors that contribute to work satisfaction, and we know that (for the most part) they differ significantly from worker to worker. Yet, there is one almost universal indicator of dissatisfaction at work, and that's long working hours.

In a research project into the effects of long working hours on family life, an Australian study found that people are generally happy to work between 35-40 hours per week. Once working hours exceed this threshold, dissatisfaction skyrockets.

- 63.2% of those working 35 to 40 hours per week had “high satisfaction” with their workload. Just 25.3% of those working 60 or more hours indicated they were “highly satisfied” with their workload.
- Among fathers working 35 to 40 hours per week, just 2.5% said they had “very low satisfaction”<sup>3 4</sup> with their work hours. However, one in five (19%) fathers who worked 60 or more hours per week said they had “very low satisfaction” with their hours.



19% of fathers who worked 60 or more hours per week said they had 'very low satisfaction' with their hours.

<sup>3</sup> <http://stats.oecd.org/Index.aspx?DatasetCode=LEVEL#> <http://www.bbc.co.uk/news/magazine-17155304>

<sup>4</sup> <http://www.aifs.org.au/institute/pubs/respaper/rp35.html>

Clearly, it's not just fathers that are subject to long working hours, and it seems feasible that the results outlined above are likely to reflect other workforce segments too. While a proportion of workers seem happy to work long hours, this is the exception, not the rule. It will fall to HR to find innovative solutions to ensure dissatisfaction does not become an impediment to productivity and innovation in the face of organizational needs to do more with less.

### Europe's top 10 and bottom 10

	Most hours worked	Most productive	Fewest hours worked	Least productive
1	Greece	Luxembourg	Netherlands	Poland
2	Hungary	Norway	Germany	Hungary
3	Poland	Ireland	Norway	Turkey
4	Estonia	Belgium	France	Estonia
5	Turkey	Netherlands	Denmark	Czech Rep
6	Czech Rep	France	Ireland	Portugal
7	Italy	Germany	Belgium	Slovakia
8	Slovakia	Denmark	Austria	Greece
9	Portugal	Sweden	Luxembourg	Slovenia
10	Iceland	Austria	Sweden	Iceland

The UK ranks 14<sup>th</sup> both in terms of hours worked and in terms of productivity.

Source: OECD

Successful organizations will see change as a

'mindset'



## Innovation and productivity are at the heart of all change methodologies and programs.

The accelerating pace of change means that there is great pressure for organizations not simply to keep up, but to stay ahead of the game.

Everything—from the methods and media through which we communicate, to the products and services we strive to remain competitive with—is subject to constant innovation. The pressure to deliver, and often deliver yesterday, sees change programs loom large on top of everything else we already have to do. Just how many change agents, change models and change-related communications can employees consume (and deliver on) in the face of their existing workloads? Of course, there is always a trade-off.

Given that change methodologies are primarily about increasing innovation and improving decision-making, HR teams worldwide are already being forced to help organizations see 'change' as something holistic and ever-present, instead of

discrete and time-bound. To do this, HR will need to evolve training, recruitment and performance management to help individuals develop a change mindset—one that helps them manage change each and every day as part of their own role. Change is everyone's job. And for organizations that run on repeatable, scalable processes, this presents an enormous cultural and practical obstacle.





The skills shortage will

**bite harder,**

even in emerging markets

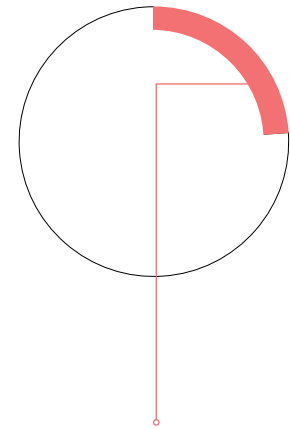


## The modern workplace is defined, at least in part, by the looming skills shortage.

The aging and declining workforce is a global phenomenon taking place in all industries and across traditional boundaries. It means there are simply fewer skilled workers to do the work that must be done.

More than 78 million Baby Boomers are being replaced by a far smaller cohort of 45 million Gen X workers, so there will be a shrinking pool of prime-aged workers to fill the gaps. Workers aged 55 years and older are expected to comprise 24% of the workforce by 2018, but as the demand for talented Gen-X leaders increases, the supply will decrease.

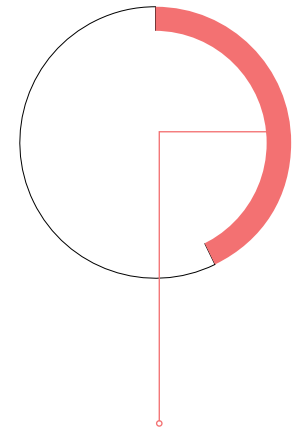
Countering this in part is the fact that people seem more willing to stay in the workforce longer than they used to, and not just because their pension plans took a beating in the global financial crisis. The prospect of post-work boredom is chief among the reasons that people delay retirement, or opt for flexible or temporary work past retirement age. Capitalizing on this desire will be at the forefront of HR talent supply planning, starting right now.



Workers aged 55 years and older are expected to comprise 24% of the workforce by 2018.

The skills shortage is also attributable to organizations' inability to retain (and develop) top talent. Worldwide, 43% of workers are considering quitting their jobs this year.<sup>5</sup> Gen Xers are also showing significant frustration with the lack of opportunities for advancement.<sup>6</sup> Given these issues, it is likely that there will still be a significant deficit in leadership capabilities, and the competition for older, more experienced leaders will increase.

For many organizations, this pattern will already be a reality.



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<sup>5</sup> 2013 KGWI Key Insights presentation

<sup>6</sup> <http://www.evolvedemployer.com/2012/01/18/why-companies-cant-ignore-gen-x/>

The multi-gen workforce will require new

# leadership

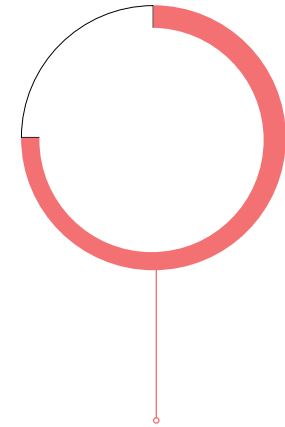


## Preparing for new workforce models to keep Generation Y employees engaged and productive is an increasing challenge organizations must face.

We can talk at length about the way organizations have (or have not) responded to older workers' needs and desires. But this will say nothing of the challenges they face in managing what is already a multi-generational workforce with starkly different behavioral and attitudinal profiles regarding work.

The arrival of Gen Y, which by 2025 will constitute a whopping 75% of the global workforce,<sup>7</sup> is something organizations have been slow to respond to.

Not only are traditional corporate structures out of step with the way Gen Y's want to work, the recession has forced Millennials to walk the paths of non-traditional employment<sup>8</sup> and education. This has forever altered the group's perception of what 'work' is—and unsurprisingly, it has prevented them from being able to just 'fall in line' with the career status quo.

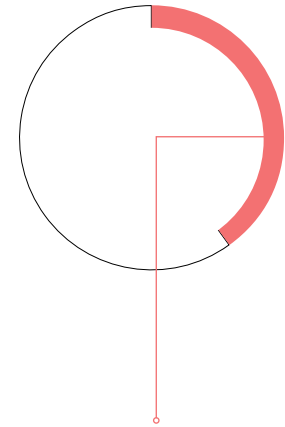


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<sup>7</sup> <http://www.forbes.com/sites/85broads/2012/01/23/gen-y-workforce-and-workplace-are-out-of-sync/>

<sup>8</sup> <http://www.forbes.com/sites/85broads/2012/01/23/gen-y-workforce-and-workplace-are-out-of-sync/>

Around 45% of companies report they experience high turnover with this generation, by a 2 to 1 margin of Gen Y to older generations.<sup>9</sup> Suffice to say, Gen Y is not prepared to settle for less when it comes to work. And organizations, with their dwindling supplies of skilled talent, will feel the sting of rejection unless they get to grips with what it is that genuinely motivates and inspires this employee segment.



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<sup>9</sup> <http://millennialbranding.com/2013/08/cost-millennial-retention-study/>

What your strategic  
HR plan must include

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## 1

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**THINK PRODUCTIVITY, NOT HEADCOUNT**

The downsizing, outsourcing, virtualizing, restructuring and reinventing of workforces isn't going away. In fact, it will happen more often, and more proactively instead of reactively. It will also be something that all employees come to see as 'normal' as they better understand the context

of the markets they're working in, and employers' needs to manage productivity instead of just headcount.

As the need to actively manage all workforce costs increases, the volume of shorter-term opportunities rises—and we're already seeing this occur. The

shift for HR practitioners therefore must be in providing leadership teams with the tools, the data and the labor pools that will enable them to proactively maximize productivity.

If HR doesn't wish to be at the center of lay-offs and hiring from here on in, it

needs to plan ahead. This means finding and managing the systems, the intelligence and the resources that will enable leadership to manage the holistic 'talent supply chain'—not just headcount.



## 2

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**BALANCE NEED FOR FTEs AND FREELANCE OPPORTUNITIES**

While there will always be a need for local talent in certain roles, technology allows many roles to be based anywhere in the world. With this in mind, HR professionals will have to balance the need for local talent with freelance employees from around

the globe to fill critical roles in tight markets. This means your compensation and benefits structures will need to be flexible enough to attract employees with different career aspirations.

Pilot flexible work and freelance work with your

best employees. This will help review and refine your HR policies and practices so that you can ensure they are aligned with emerging trends and ensure you can remain competitive in the marketplace.

## 3

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**TRAIN YOUR MANAGERS TO MANAGE PRODUCTIVITY OF VIRTUAL WORKERS**

As technology increases, many organizations will seize the opportunity to reduce bricks and mortar and allow more employees to work remotely. This will not only be cost-effective, but demanded by the marketplace. However, we know that collaboration across virtual spaces

needs to be actively and skillfully managed—and this may require a new set of management practices and training.

HR professionals will have to consider many more factors during the hiring and on-boarding process to be sure employees

have both technical and relational abilities to fit into the organizational culture. And they'll need to address any training and capability gaps in existing managers too.

Consider the largest challenges your work teams now experience

in face-to-face environments—how could they be managed in remote environments? Also, consider what key relational competencies you can select for during the hiring process to support team effectiveness across physical boundaries.

## 4

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**FOCUS ON DEVELOPING TALENT AND CAREERS, NOT ROLES**

Some people will quickly embrace the freelance concept. Many others will want to continue working for a company and building their careers. The acceptance of multiple moves between companies will continue to increase, so you must have a plan to retain your best people—and not

necessarily always as an employees.

You must frequently let your top performers know you value them and want them to stay engaged with your organization.

Compensation may hold them short-term, but tailored career development and flexibility

will likely keep many for the longer term.

If you do not know the names of your top talent, establish a process to build a list. Then, develop and closely follow-up on development/retention plans for each of these individuals. Make it personal.

# 5

## LEAD THE CHANGE AND EDUCATE YOUR LEADERSHIP TEAM

If you can place a check in each of these boxes already, you're ahead of the pack.

The leaders of my organization understand the coming workforce trends and support changes to attract and retain new generations of employees.

*If your top leaders do not understand:* Start educating your leaders with information about these workforce changes.

My organization provides employees with the option of flexible work arrangements.

*If flexible work arrangements are not available:* Work to pilot flexible work arrangements for a targeted group of employees in your organization.

My organization successfully utilizes virtual workgroups to complete important projects and other critical work.

*If virtual workgroups are not successfully utilized:* Identify and pilot projects that can benefit from a virtual workgroup of employees from different geographical regions.

My organization's policies and procedures are not in conflict with the talent mobility trends to come.

*If policies and procedures are in conflict:* Review key documents (including your employee handbook, policy documents and employee benefit summaries). Determine what you can change today and what can be changed this year to align with workforce shifts.

The mission, vision and values of my organization clearly translate to "meaning" for employees.

*If meaning and purpose is not clearly translated:* Review information you have (engagement surveys, exit interviews, town halls, etc.) to help you best understand the gaps, and to plan your next steps.

# Conclusion

Ready or not, HR professionals are at the nexus of change involving organizations, economies and workers. The colliding trends in the workforce are not going away, nor are the challenges they present.

Workers will continue to seek flexibility and new ways to gain experience and skills to shore-up their employability in the face of economic restructuring. Younger workers will continue to see the world differently, and so too will those that follow after them. Talent will continue to be hard to find and even harder to keep. Change and innovation pressures will bear down more heavily on those organizations that are accustomed to slow, bureaucratic and heavily centralized decision-making.

None of these issues are going away any time soon—and HR professionals must step up to help organizations adapt. After all, it's HR that has the insight and data to educate leadership teams on exactly how these trends are affecting their organizations.

**If it's not HR's job to lead this change, whose is it?**

#### ABOUT THE AUTHOR

KRISTI STEPP is the Vice President of Organizational Effectiveness for Kelly Services. She recently completed a three-year assignment in Singapore as the Vice President of Human Resources for Kelly's Asia Pacific Region. Kristi has over twenty years of progressive Human Resources experience and has held roles with leading global organizations, including Pepsi-Cola and Volkswagen. She holds a Bachelor's Degree from the University of Michigan and Master's Degrees from Central Michigan University and Fielding Graduate University. She is a certified Global Professional in Human Resources (GPHR) through the HR Certification Institute and holds the Master Human Capital Strategist (MHCS) designation from the Human Capital Institute (HCI).



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