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## What Factors Will Transform the Contemporary Work Environment and Characterize the Future of Work?

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## What Factors Will Transform the Contemporary Work Environment and Characterize the Future of Work?

### Abstract

There is an overwhelming consensus among researchers that the contemporary work environment is transforming at a rapid pace. Advanced technology, increasing globalization, and the influx of a new generation of workers are all factors that will change the structures that govern the contemporary workplace. To prepare for the future of work, an organization must comprehend the manner in which each of these factors will engender changes in the evaluation of skillsets, the employer value proposition, and the available labor force.

### Keywords

human resources, future of work, contemporary workplace, skillset evaluation, employer value proposition, globalization

### Comments

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## EXECUTIVE SUMMARY

### KEY QUESTION

What factors will transform the contemporary work environment and characterize the future of work? How will such a transformation be manifested? In addition, what actions are businesses undertaking today to prepare themselves for the future of work?

### INTRODUCTION

There is an overwhelming consensus among researchers that the contemporary work environment is transforming at a rapid pace.<sup>1,3,6</sup> Advanced technology, increasing globalization, and the influx of a new generation of workers are all factors that will change the structures that govern the contemporary workplace.<sup>7</sup> To prepare for the future of work, an organization must comprehend the manner in which each of these factors will engender changes in the evaluation of skillsets, the employer value proposition, and the available labor force.<sup>7</sup>

### THREE FACTORS TRANSFORMING THE NATURE OF WORK

**1. Technology:** The most radical changes to characterize the future of work will be spurred by technological advances. Computers can now sort through legal documents and predict court decisions far more accurately than lawyers; Google's autonomous cars are better drivers than any person; and the Baxter robot can pack, count, and inspect inventory on a 24/7 basis without making mistakes.<sup>3</sup> Technological performance is surpassing human capabilities on a mental and physical level, and will displace workers whose skills can be better performed by automated counterparts.<sup>3</sup> In a future in which advanced technology is widely available, an organization must determine which skills will remain or become valuable as well as how it will develop such skills within its workforce.<sup>3</sup>

#### *Implications for H.R.*

- An organization should conduct research to determine which new technologies will impact its industry and its contemporary workforce.<sup>2,4,5</sup> Research is critical because it will allow for a reevaluation of employee skills and lead to decisions regarding which employees to keep, which to train and develop, and whether new talent must be acquired.
- Once those decisions are made, the organization must develop the new skills that are essential for success in the face of technological advances.<sup>3</sup> Development of new workforce skills is accomplished by creating a team responsible for skill development, the implementation of a training program by that team, and continuous expansion of that training program.<sup>2,4,5</sup>
- Domo, Inc., realized that future prevalence of social media technologies presented an opportunity to connect with potential customers, future talent, and business partners anywhere in the world. To seize that opportunity, Domo needed its employees to become savvy social media users. In response, Domo conducted research on the social IQ of its employees. A social media team was then created to address the gaps in the social IQ of the workforce. That team developed a social media training program that educated employees about the fundamentals of social media usage. Lastly, the training program was expanded through a badging system that rewarded employees for newly earned badges. Thus, Domo can continuously introduce new badges to motivate employees to further develop their social media skills.<sup>4</sup>

Domo prepared for the future prevalence of social media technologies by researching the skillset of its employees, creating a team responsible for developing a new workforce skill, implementing a training program, and expanding that training program.<sup>4</sup> The process Domo used to develop employee social media skills can be used by other organizations to develop different technological capabilities among their employee bases.

**2. Globalization:** Globalization is essentially the ability to do business around the world without boundaries. Organizations have the ability to sell and market their products or services anywhere in the world and are no longer bound by transportation, cultural, talent acquisition, currency, or communication barriers. Technology is a large driver for making this possible. Globalization is forcing organizations to reevaluate where they find, deploy, and utilize talent. No longer does talent need to be local; organizations can access talent from any part of the world and work without boundaries.

### Implications for H.R.

- A new form of labor pool and market will evolve where individuals or project teams from all over the world will bid on high-value tasks and opportunities. This is new dynamic represents a big shift away from large centrally located teams to smaller more globally distributed teams.<sup>8</sup> In order to support these global teams, organizations need to continually develop new forms of infrastructure to drive the ability to innovate, share knowledge, and work virtually across geographic boundaries, time zones, and languages.<sup>7</sup> Microsoft's "The New Way of Working" program enables employees to access every business application over the Internet, from work or home, ranging from invoicing systems to logistics systems to sales information.<sup>9</sup>
- As businesses begin to shift to offering more services than selling products, employers will need to tap into external talent. For instance, the use of contract employees or crowdsourcing freelance talent enables employers to fill a need for talent on demand as their business and customer demands evolve. With the seasonal ebb and flow of business, employers can reach out to a pool of talent within a community to find temporary workers to fill positions during peak times. These contract employees or freelancers can take on projects when needed and then be released at the end of a project.<sup>10</sup>
- Outsourcing will continue to be a strategic move to not just save on costs, but also to free up workers to focus on the things that add the most value. In 2008 Pfizer, a pharma company, undertook a huge self-examination under the heading PfizerWorks. It realized that its most highly skilled workers were spending 20% to 40% of their time on routine work—entering data, producing PowerPoint slides, doing research on the web. The company now contracts out much of this work.<sup>11</sup>

**3. The Multi-Generational Workforce:** In an era of unprecedented workforce diversity, the changing age demographic is one of the strongest trends to emerge. In *Generations At Work*, Herman Miller called this a "generation-bending" era.<sup>12</sup> As the overall population ages, mature workers are staying in employment longer. A recent Deloitte study showed that 48% of Baby Boomers expect to keep working past the age of 65 – and 13% believe they will work into their 70s.<sup>13</sup> Yet, at the same time, Millennials will make up over half of the entire workforce by 2020 and exceed 70% by 2025.<sup>14</sup> The challenge for organizations will be to accommodate key differences across generations in terms of working styles, approaches to collaboration, communication, and decision-making, as well as operational and structural changes to compensation, promotion and training structures.<sup>15</sup>

### Implications for H.R.

- Organizations need to think creatively about reward strategies and what motivates Millennials. While money is important, we know that other factors contribute heavily to motivation, particularly for knowledge-based work. Millennials value empowerment to get things done, challenging work, collaboration, teamwork and fun, responsibility for own personal development.<sup>16</sup>
- H.R. policies and practices that are built around long-term cycles (e.g., annual performance reviews or extended succession plans) just don't cut it for Millennials. Managers play a critical role in really understanding the personal and professional goals of their Millennial workforce.<sup>7</sup> For instance, Millennials want to know how they're doing much more regularly. Managers need to build in frequent touchpoints to provide informal, honest feedback in real time.
- With a workforce comprised of two-thirds Millennials, the consulting firm PwC conducted a study that looked at what motivated and drove high levels of engagement amongst their Millennial population. They found that Millennials are less willing than older generations to make their work lives an exclusive priority, want job flexibility in the here and now, sought opportunities for training and mobility, and desired more frequent feedback and rewards. One initiative that came from the study was the Flexibility2 Talent Network, which allows people to work for the firm during their busiest few months (January through March) and then pursue other interests the rest of the year.<sup>17</sup>

## CONCLUSION

Both the workforce and the way work gets done are changing, dramatically. New collaborative and social technologies are already reshaping business operations and the way we work. Simultaneously, globalization is forcing organizations to reevaluate where they find, deploy, and utilize talent. The influx of younger employees into the workforce is creating a new dynamic that requires a unique organizational response. Combined, these factors are shaping the future of work. We have highlighted the implications for the H.R. functions and proposed levers to pull to mitigate potential risks in light of the changing future of work and, with it, H.R.

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Figure 1.

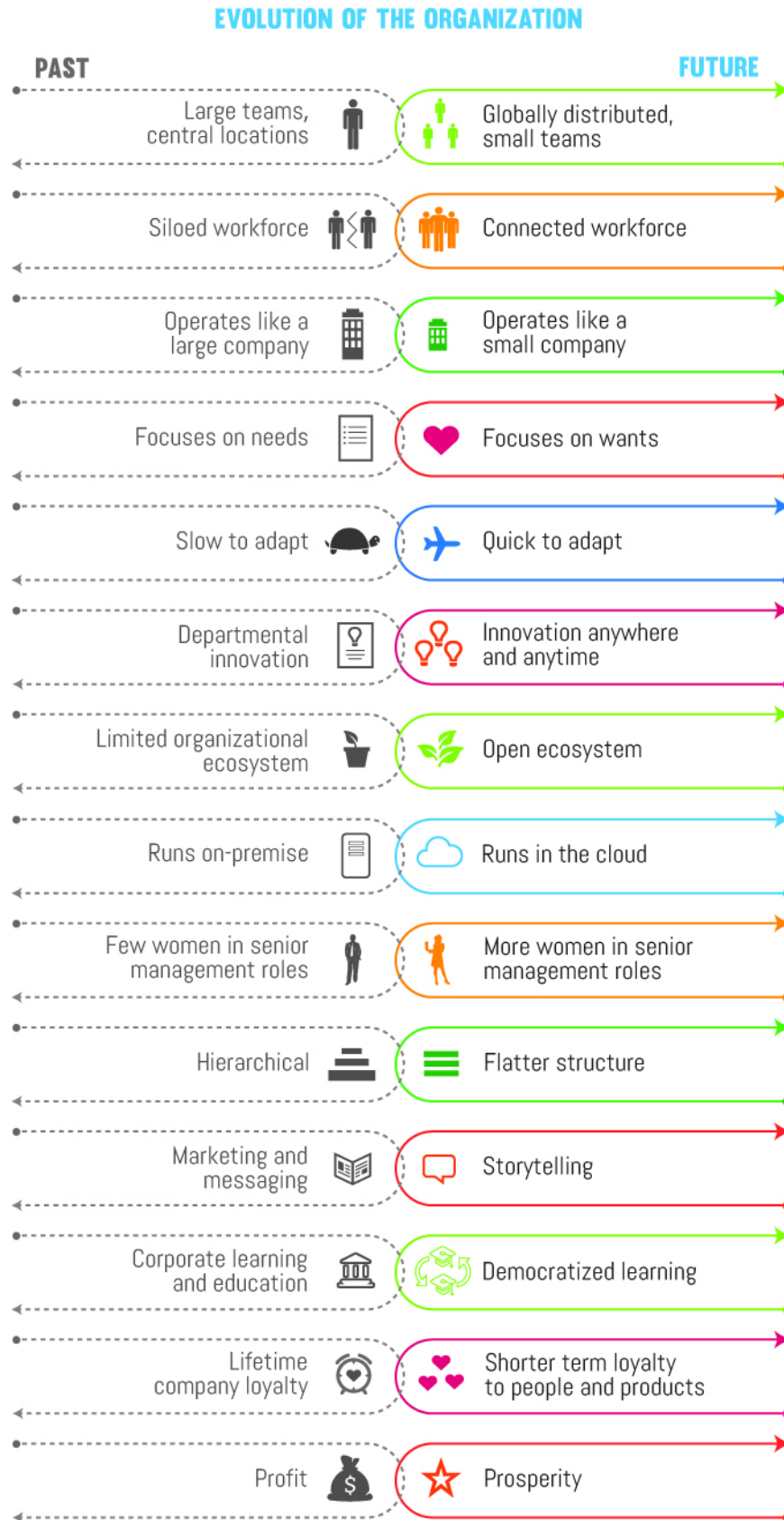


Figure 2.



Figure 3. The Rise of Temporary Workers

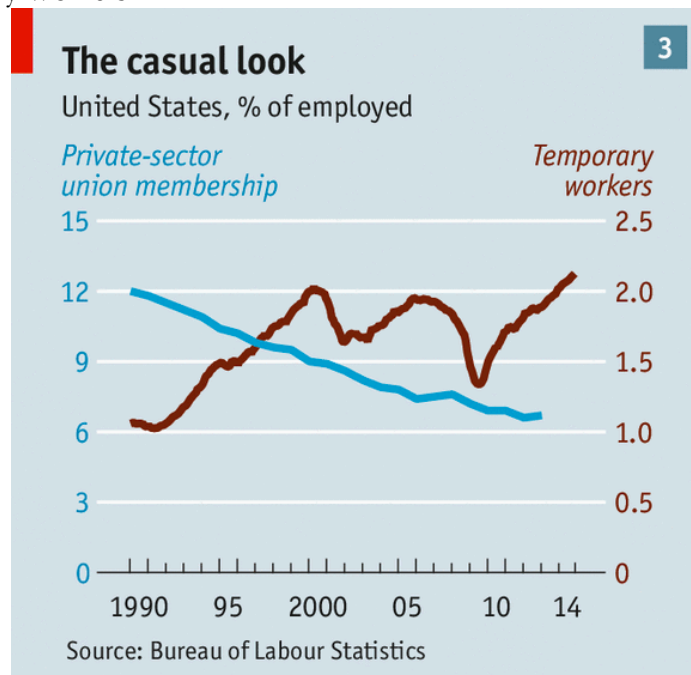




Figure 4.

