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The Changing World of Work Trends and implications for leaders

By Owen Sullivan

The weak global economy and chaotic financial markets have hit many businesses hard, forcing the need for some difficult personnel decisions. For those leaders who have positioned their organizations for long-term success, I believe, they have done so by creating workforce management strategies that embrace how the world of work is changing and have aligned their talent strategies with their business objectives. After all, it is only the collective talent of our workforces that provide distinct competitive differentiators and make or break business performance.

Due to the global scale and reach of the multiple prisms provided by our business units across 82 countries, we have a front row seat in the world of work arena. We have aggregated all of our various data points and information sources (including 10 million interviews conducted annually with employment candidates) into a very simple concept—namely, four “world of work” trends.

Understanding these trends is critical to successfully navigate the changing world of work. They help establish a context for leaders and their organizations. I caution to not oversimplify them, but rather reflect on them individually and consider their impact in aggregate. We have found that these trends:

- Are directly applicable to your business—regardless of size, industry or geography;
- Are critical enablers or inhibitors to your success;
- Can create competitive advantage if addressed; and,
- Will have pronounced impact as economies strengthen.

Trend #1: Demographics /Talent Mismatch

Worldwide, despite mounting layoffs and the availability of unemployed workers, we still have a very real talent shortage and mismatch of skills. Birth rates are declining and our populations are aging. This means we have a smaller pool of working-age talent to draw from. Manpower's latest Talent Shortage Survey identified that 30% of employers worldwide have difficulty filling positions due to lack of suitable talent in their markets.

Since 1990, the global labor market has doubled. By 2050, the world population will be over 9 billion. But in spite of this, employers face an HR paradox: How to find the right people at the right time in the right place—and fill the gap in the midst of plenty?

The implications of this are that older workers will be more prevalent and we will need to find ways to keep them engaged in the workforce

longer. There will be an increase in multi-generational workforces and managers will need to learn how to navigate the nuances of each generation.

Critical skill shortages will advance the mobility of workers and work. Technology changes will continue to drive demand for new skills. The skills mismatch will accelerate, creating an imbalance between supply and demand.

In an economic environment where organizations are pressured to do more with less, businesses and governments will continue to demand highly-specialized skills and behaviors. The pressure to find the right skills in the right place at the right time will increase as working age populations decline, economies rebound, emerging markets rise, and the nature of work shifts.

Trend #2: Individual Choice

Today, we are operating in an environment where “one size fits one.” People have greater power to exercise personal choice. The talent mismatch combined with multiple generations in the workforce—who bring a variety of motivations and preferences—has accelerated the shift of power from employer to individual and will change how organizations attract, engage and retain talent.

Employees are taking more control over how, when and where they work. Consider the sizeable growth in telecommuting. Employees who have greater control over their work have higher levels of engagement. And higher employee engagement directly correlates to a positive improvement in your bottom line.

We've moved from employees who did repetitive, process-driven work to what we have today—creative, knowledge-based workers... people whose performance and contribution ties directly to their commitment to their employer and their motivation to expend discretionary effort above and beyond just “getting the job done.”

The implication is driving more outcome-based accountability rather than managing by time docks. As leaders, we need to accommodate different lifestyles and work choices and find ways to balance these with business needs, while also directly linking them to productivity and performance.

Segmentation, customization and flexibility are essential to attract and retain high-value talent. We need flexible human resource policies and processes that address the unique needs, preferences and expectations of individual workers. Employer brand and reputation will become increasingly important,

as will demonstrating organizational values tied to broader social issues. The purpose of your organization and each employee's role within it needs to be meaningful.

Trend #3: Technological Revolutions

Technology is driving new ways of working, interacting, living and communicating. It is increasing coordination, collaboration and information sharing, as well as increasing transparency for both organizations and individuals. Individual arrangements have become essentially “public.” Technology is now part of *how we live*, not just *how we work*.

Technology is creating new jobs and new skills. Consider the example of women in Saudi Arabia, where it's not custom for them to work outside of the home. Growing internet access has enabled some of these women to now have home-based, virtual businesses. Technology is changing how society works, literally.

The applications of technology are borderless. The implication is that increased transparency has changed the definition of what is valuable data. More unsubstantiated information increases the importance of verification, certification, validation and the desire for overall trusted advisors. Rapidly changing technology and greater global arbitrage increase individuals and organizations choice of where, when and how work is performed, and with whom. Instant and transparent lines between individuals increase scrutiny of organizations' talent practices and sustainability, elevating the importance of employer reputation.

Trend #4: Rise of Customer Sophistication

Customers' expectations around value are rising. Their operating and purchasing behavior is more global and sophisticated, increasing the complexity of their relationships and the specificity of their demands. Customers have more access to information which increases visibility and subsequent pressure on companies to deliver value. And they are applying rigorous management techniques to talent as they have applied to other parts of their businesses.

Consider the example of a bakery-café group, which has some 1,200 bakery-café in the United States. In partnership with the leadership team, we were able to establish a direct link between high employee engagement scores and favorable customer experiences at their bakery-café. We've been able to isolate key drivers of employee engagement, allowing the company to develop programs focused on boosting engagement as they know this directly links to customer satisfaction, and in turn, bottom line profitability.

Today, talent is far broader and much more fluid than just thinking about your *employees*. Your human capital intellectual property is made up of consultants, employees, contractors, temporary staff, vendors and alliance partners. The implication is that these people need a compelling reason to work with you beyond remuneration.

There will be intensified price/value compression which puts increased pressure on the productivity of a company's workforce. Companies' success will no longer be based solely on the access to capital. Now, talent has become a key differentiator. A company's talent development practices are under greater scrutiny which means they must be capable of standing up to total transparency.

Competing in the Future World of Work

Despite their varied implications, these trends center on one central theme—the need to empower the right people, in the right places, in the right ways. This requires a sustained commitment to and a strategic investment in talent. The company that pays the most attention will win. Your talent assets need to be managed as aggressively as the fine-tuning you apply to other organizational assets. Everything else falls over if you don't have the right talent in place.

This requires an alignment of talent strategy with business goals. Talent is the number one impediment or success factor to executing your business plan. Having strong leadership is at the core of this issue.

You can't change what is happening relative to the external world of work trends or today's economic reality. But you can change your “people strategies” in order to respond to those trends and position your company to gear up for growth in this context.

It's not a matter of having “bodies” in your organization. It's a matter of having the “best bodies *and* minds” available in the market. Those who are committed, enthused and provide advocacy. The best talent always has choices no matter what market conditions exist. If your high-value talent is not engaged with you, they will walk out the door at the earliest opportunity.

You have many options for talent acquisition, retention, development, redeployment and transition. The key is to align the right talent approaches to *your business strategy*.

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