SHRM Foundation
Shaping the future of HR

Five Key Trends from SHRM's Special Expertise Panels

Evolution of Work and the Worker:
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In 2014, the SHRM Foundation released a new report in partnership with the Economist Intelligence Unit (EIU) on the *Evolution of Work and the Worker*. The report details how trends such as the globalization of business, changing demographics and changing patterns of mobility will continue to transform the workplace. But what does this mean for you and your organization?

To find out, we asked the SHRM expert panels to analyze the report and select the top trends with the greatest implications for HR. They identified the following five trends:

1. Demographic shifts.
2. Loss of middle-skilled jobs.
3. Skills gap: Disconnect between educational standards and organizational demand.
4. Eroding physical barriers and increased globalization.
5. New models of work: Crowdsourcing.

Next, panel members developed specific recommendations to help organizations prepare for these changes. Their suggestions are compiled in this report. We encourage you to review this information, share it with your leadership team and begin preparing now for the changing nature of work and the worker.

To learn more about this project and to read the full EIU report, please visit the SHRM Foundation digital hub at **FutureHRTrends.eiu.com**.

1. DEMOGRAPHIC SHIFTS

MACRO TREND

The population is aging in much of the developed world. Over the next 15-25 years, the large Baby Boom generation will be leaving the workforce in countries such as the U.S., Japan, the U.K. and many others. In emerging markets, however, the population is overwhelmingly young, and those countries face challenges in providing education and jobs. For example, half the population in the Middle East and North Africa region is under age 25.[1] This creates incentives for global migration. Workforces are becoming more geographically diverse as young workers in developing regions move to more prosperous countries to find work or become global telecommuters who work remotely. In addition, in the next decade nearly one billion women— primarily from the developing world—are expected to enter the labor force.

EXPECTED CHANGES

- Your employees and contractors will be more global.

- Older workers will be working longer and will make up a larger percentage of the U.S. workforce, creating a multi-generational workplace.

- The U.S. workforce will include more highly educated women, military veterans and people with disabilities.

- Expectations will increase for customized benefits, mobility of benefits and flexible work options.

- The Millennial generation will have different work motivations and will expect greater work/life balance.

- Governments will be pressured to revise migration laws to facilitate the movement of talent around the globe.

HOW HR CAN PREPARE

- **Offer more options for flexible work programs** (e.g., job-sharing, flexible hours, telecommuting). These programs will make your organization more attractive to women, Millennials, older workers and employees in distant locations, thus greatly expanding your pool of potential talent.

- **Engage in proactive workforce planning.** Analyze the demographics of your workforce and try to anticipate attrition among older workers. Then develop a plan to retain key mature workers and/ or capture their institutional knowledge prior to retirement. Begin succession planning and cross-training as needed.

- **Educate new employees and provide a realistic job preview** during the hiring process to ensure candidates understand what to expect and what is expected of them. Expectations should link to the company vision, mission and values, and be stated clearly on the company's career website for candidates to see. Doing so will help minimize unrealistic expectations by Millennials and other new employees.

- **Ensure your employer branding as a 'great place to work' does not provide an unrealistic picture of the workplace.** Clearly articulate to candidates and new hires the specifics such as the duties of the job, use of social media and personal devices at work, and workplace layout, such as working in cubicles vs. hoteling.

- **Offer accommodations for people with disabilities and older workers.** In many cases, making small changes such as redesigning the work space or changing the schedule can make a position available to a whole new group of people.

- **Find out where your workforce is vis-à-vis technology.** Develop valid methods for evaluating a candidate's or employee's technology skills. Don't assume older workers can't learn new technology. As your company introduces new technology, bring the entire workforce along with you by providing the needed training to all workers.

- **Learn how to recruit globally and become familiar with immigration rules.*** Even if your organization does not do business internationally, you may need to look to other countries to find needed talent. Be aware that other countries may also try to recruit your top talent.

- **When recruiting in a new country or region, take time to learn about the unique needs of your workforce.** For example, women in a developing country might need additional support in order to leave small children or elderly relatives and work outside the home.

- **Become familiar with differing educational standards between countries.** Hiring an engineer in China may not mean he or she has the same skill set as an engineer in the U.S.

- **Reassess your organization's globalization and expatriation policies.** Ensuring that these programs and policies are as relevant as possible will result in cultural alignment and higher levels of employee engagement.

* For more information on advancing employment-based immigration, contact the Council for Global Immigration at www.councilforglobalimmigration.org.

2. LOSS OF MIDDLE-SKILLED JOBS

MACRO TREND

Technological advances in developed countries have automated many routine tasks formerly performed by mid-skilled workers (those with a high school diploma but not a college degree). In addition, productivity has increased substantially over the past few decades while workers' wages have remained flat or even fallen. This "hollowing out" of the middle forces many mid-skilled workers to take low-wage jobs, resulting in a polarization of the job market into high- and low-skilled. For example, half of the 7.5 million jobs lost during the 2008 recession in the U.S. were middle-class jobs paying between $38,000 and $68,000. Yet after the recession, from June 2009 to the end of 2012, just 2 percent of the 3.5 million jobs created were middle-class jobs.[2]

EXPECTED CHANGES

- The number of overqualified applicants and employees in low-skilled jobs will increase. These jobs may not be challenging or engaging to mid-skilled employees, potentially leading to decreased employee engagement, retention and productivity.

- There could be macro-economic consequences, including the creation of an elite class of highly skilled workers versus a much larger population of unskilled workers. In the worst case, this trend could lead to economic disruption and societal upheaval.

HOW HR CAN PREPARE

- **Create a sense of urgency for managers to address job enrichment** (e.g., delegation, special projects, cross-functional assignments), career support (development conversations to set realistic expectations and create a practical plan for career development), and tangibly reinforce and recognize the effort and achievement of employees gaining skills.

- **Consider enhanced investments in employee education** (tuition reimbursement, scholarships, sponsored apprenticeships, etc.) as a way to build skills, drive engagement and improve retention.

- **Offer opportunities for cross-training and lateral moves** to keep low-wage workers learning and engaged.

- **Encourage managers to promote from within the organization** to provide new opportunities to qualified workers.

- **Educate your employees about where your organization is headed.** Identify what technical degrees are going to be needed.

- **Identify ways to support employees** working to obtain needed degrees.

- **Partner with technical schools, colleges and universities** to ensure that students are pursuing training and degrees related to areas that are needed in the workplace.

3. SKILLS GAP: DISCONNECT BETWEEN EDUCATIONAL STANDARDS AND ORGANIZATIONAL DEMAND

MACRO TREND

Educational authorities are struggling to remold their systems to meet the needs of the modern economy. Though the number of college graduates is growing, companies still report challenges in finding candidates with the right combination of technical and soft skills. In addition, there is a shortage of highly skilled manufacturing workers and skilled trades workers.

EXPECTED CHANGES

- Many high school and college graduates will not be prepared for the workplace.
- Filling STEM (science, technology, engineering and math) positions will continue to be challenging.
- As technology and business continue to change rapidly, new skills shortages will arise.

HOW HR CAN PREPARE*

- **Partner with learning institutions,** such as community colleges and chambers of commerce, to encourage more focus on educating and training for the skills needed in today's marketplace.
- **Promote the importance of middle-skill and technical jobs** in supporting the mission and success of the organization; market these jobs internally to the workforce and externally to the labor market and—importantly!—to K-12 students and their parents.
- **Broaden your recruiting pool** and begin recruiting needed talent from other states or countries.

- **Offer internship and/or apprenticeship programs** to develop a pipeline of future workers.
- **From an ethical perspective, ensure that interns are compensated fairly** for the work they do and be careful about asking job applicants to complete substantive unpaid work projects as part of the application process.
- **Participate in workforce development initiatives,** perhaps sitting on a local workforce development board, to ensure that entrants to the workforce have the right skill sets.
- **Consider forming coalitions of employers that can bring groups of students into the workplace** for tours and job previews to help students understand the workplace and what it is like to work in that environment.
- **Get involved in school board elections.** School board members have great influence over the direction of K-12 education.
- **Review hiring policies and practices to ensure they are legal, ethical and effective.** For example, just because you have a large pool of candidates does not mean you should make candidates jump through too many hoops to get the job.

*For more ideas, see Current Issues in HR: Closing the Manufacturing Skills Gap online at shrmfoundation.org.

4. ERODING PHYSICAL BARRIERS AND INCREASED GLOBALIZATION

MACRO TREND

Technology has made it possible for employees to work from any location and has made their physical presence in the office less important. The rapid growth of technology has eroded physical barriers to working and has enabled people in previously isolated countries to participate in global business, thus allowing work to be performed far from its original source.

EXPECTED CHANGES

- Telecommuting will increase, and more jobs will be conducted virtually with remote workers.

- More companies will have workers and suppliers located in multiple countries around the globe.

- The talent pool will grow as people in multiple countries become available to work.

- Leaders will encounter greater challenges in managing remote workers, evaluating productivity and fostering feelings of connection to the organization.

HOW HR CAN PREPARE

- **Learn to effectively manage remote workers.** Enhanced goal and expectation setting, performance management and team building will be required to keep remote workers engaged and productive.

- **Provide support and training for working effectively in global teams.** Workers may need to learn how to communicate effectively with non-native speakers and how to use new technology for working remotely. Managers must also be trained to focus on the right performance metrics so virtual teams can achieve goals despite various time zones and work schedules.

- **If operating in multiple countries, adjust your engagement and retention strategies** to fit the local culture and demographics.

- **Ensure your organization's telework policy is administered consistently.** Develop or review your policy; it should specify who is eligible to telework, how time is documented, etc.

- **Learn about diverse individual work and learning styles** that make some employees more likely to be successful at teleworking.

- **Monitor changing wage and hour laws and regulations** to be sure employees in various countries and work arrangements are being fairly compensated in accordance with the law.

- As technology becomes increasingly important in facilitating work, **stay abreast of the new technologies and ensure employees receive appropriate training** for using them. Be Trained, Informed and Prepared (TIP).

- **Partner with IT and explore using technology in new and innovative ways** that may open the door to new pools of talent (e.g., people with disabilities, non-English speakers).

- **Learn more about data security** to ensure safety and privacy of employee and other company data from hackers and identity thieves.

- **Explore ways to change the old manager mindset** that employees must be physically present to work.

- **To build greater cultural intelligence, consider taking a global mindset assessment** to evaluate current skill level and learn where additional training is needed for professional development.

- **Provide cultural awareness training for staff** to discuss different cultural communication styles, how to give/receive feedback, how different cultures review/judge employee performance, etc.

5. NEW MODELS OF WORK: CROWDSOURCING

MACRO TREND

Traditional employment models will always be with us; however, the rise of the Internet has facilitated a new way of working called *crowdsourcing*. New websites such as Gigwalk, Mechanical Turk and TopCoder have created online marketplaces where workers and those with project work can connect and transact business. Employees can do work for one company and, when work is slow, go work for another, entirely separate company. This practice avoids layoffs. Crowdsourcing is outsourcing from the crowd; it allows an organization to leverage the collective talent of the crowd to get work done, often in more efficient and cost-effective ways than the traditional employment model.[3] By using "reputation scores" similar to sellers on e-Bay, these platforms allow companies to quickly evaluate and tap into global talent outside their own workforce.

EXPECTED CHANGES

- People unable to work a traditional schedule (students, stay-at-home parents, retirees, etc.) will now be able to participate in the job market via crowdsourcing sites and work whenever it is most convenient.

- Organizations may begin breaking down traditional jobs into a set of smaller tasks (task decomposition) that can then be accomplished via crowdsourcing.

- Many start-up businesses will increasingly get work done via crowdsourcing rather than hiring permanent staff.

HOW HR CAN PREPARE

- **Learn how crowdsourcing works.** Explore crowdsourcing websites and think about whether these new work arrangements might be used successfully in your business.

- **Identify alternative work arrangements (crowdsourcing, phased retirement, short-term projects, etc.) that might help your organization tap into new pools of talent** such as retirees or people with disabilities.

- **Before creating a new staff position, experiment with breaking down the job into a series of tasks that could be outsourced.** This will help you determine whether crowdsourced work or other work arrangements might be a good alternative.

- **Perform an analysis to examine whether crowdsourcing is an appropriate model for your organization** before "jumping on the bandwagon." Identify how it should be managed—practically and ethically—and ask the tough questions about whether this arrangement is appropriate and how to do it legally. Then coach managers on how to implement it.

- **Recognize that using alternative work arrangements may require different competencies** than traditional employment models. Develop yourself and coach others on needed skills, such as critical evaluation, new relationship management and communication skills, and risk management.

- **Explore the specifics of different crowdsourcing options.** For example, is this an employment/independent contractor relationship? How does one ensure fairness to the contributing individual while encouraging entrepreneurism? Does giving a company an idea or an opinion make someone an employee? Could the contributing individual be held liable if the person/company receiving the donated work product did something wrong or illegal? How do you evaluate the quality of a potential contributor's work? How does an organization ensure the material contributed does not infringe another's intellectual property?

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[1] International Labor Organization. (2013, May 8). Long-term youth unemployment causes generation's distrust.

[2] Associated Press. (2013, January 23). AP Impact: Recession, tech kills middle-class jobs.

[3] SHRM Foundation. (2014). *The changing nature of work and the worker* (p. 20). Retrieved from www.shrm.org/about/foundation/products/Documents/2014%20TL%20Exec%20Summary-FINAL.pdf

ABOUT THE SHRM FOUNDATION

At the SHRM Foundation, we are a catalyst for thought leadership. We help predict where the workforce is headed because we've been studying its evolution for over 40 years. Our mission is to offer unmatched human capital knowledge for the benefit of organization leaders with a total focus on studying and reporting the management practices that work. Supporting the Foundation is a chance to contribute to an ongoing study about the direction of human resources in society. The Foundation is governed by a volunteer board of directors, comprising distinguished HR academic and practice leaders. Contributions to the SHRM Foundation are tax-deductible. The SHRM Foundation is a 501(c)(3) nonprofit affiliate of the Society for Human Resource Management (SHRM). For more information, contact the SHRM Foundation at (703) 535-6020. Online at shrmfoundation.org.

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