



Cordant
People

What you need
to know about
Workforce 2020



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What does Workforce 2020 mean?

Businesses must accept change in order to survive but the art of progress is to preserve order amid change, what is your business doing to be ready for the workforce of 2020?

At Cordant People we understand, completely, that an employee's experience of work, and the satisfaction that they derive from it, can have an important impact on their physical and mental health and wellbeing, also their commitment to their job and their performance consequently influences productivity and the profitability of their employer.

Employers will need to start planning now because over the next ten to twenty years there will undoubtedly be a significant shift in the age work profile. One area that employers will have to tackle will be performance management of older workers. If employees work into their late 60s and 70s employers will have to be much more proactive in terms of providing reasonable adjustments.



What does Workforce 2020 mean?

How well are businesses prepared for the challenges of workforce 2020?

How many of them have prepared a detailed strategy and how accurate does it match the expectations of their employees?

Research at Cordant People indicates that the workplace of the future will be the most diverse the world has ever seen. In 2020, multiple generations working together will have different skills, experiences, habits, and motivations also more workers will be freelancers and contractors.

Globalisation and a rapidly evolving workforce are redefining how we think about competence, creativity, productivity, and the structuring of organizations.

Ongoing globalization and macroeconomic shifts mean the 2020 workforce will be made up of a wider group of ages and nationalities than ever before.

In order to succeed, companies will need to have a broader understanding of their people and the markets in which they operate.

Customer Control

The balance of power will shift from the business to the market place as customers grow more informed about products and services – with this shift from push to pull marketing companies will not find their



What does Workforce 2020 mean?

Demographic shifts and technological advances

Demographic shifts and technological advances are radically transforming how, where, and why we work. As new generations of professionals enter the global workforce they bring with them not only fresh ideas but new expectations. So are we really fully prepared for the workforce of the future?

Most companies are not cultivating leadership within their organizations. Although executives cite a lack of employee loyalty and longevity as the biggest barrier to meeting strategic workforce goals, almost two-thirds do not plan for succession and continuity in key roles.

Firms have difficulty finding adequately skilled employees, but they do not invest enough in identifying and developing talent within their organizations.

Gaps in leadership capabilities spell trouble for future growth

Ideally when an employee resigns, someone from within a company will have been groomed and prepared to take over, but in reality, this is not happening.

Why is leadership important?

Dedicated and efficient leadership brings quality and commitment, which consequently delivers company decisions which are logical and supported by sound reasoning.

To be effective, teams need to be explicit about the ways they will work together, and this comes from the instruction and direction of strong leadership. It is the leaders who are the individuals who are held accountable for the company's success therefore every team needs a strong leader and it is crucially relevant in a team environment so that each member knows what is expected of each of them because this is how mutual accountability and trust amid a team develops.

How will the job market look at the end of this decade?

How will the job market look at the end of this decade, and what should companies do now to ensure business survival?

If companies currently think they have a problem filling the skills gap and as a result vacancies, research at Cordant People suggests it will reach critical mass by 2020 without careful consideration.

Today's organizations are beginning to regard their employees as not only human resources, but also human capital. Futurists predict that by 2020 the appreciation of human capital, in the sense of both building employee value and attaching greater value to each employee will become not just an organizational aspiration, but also an economic necessity.

Trust between workers will be more essential than ever and critical for success. People will find new meaning and purpose through building strong personal business relationships and the key objective for everyone will be sustainable growth.

In 2020 employees will not be waiting for their annual performance appraisals but instead will be receiving constant feedback from internal and external clients.



How will the job market look at the end of this decade?

Human Interconnections Everywhere

Today, the number of people living outside their country of birth is larger than at any other time in history. In the past it has been companies headquartered in North America, Europe, Japan, and Korea that have ridden the wave of globalisation. But we will soon see firms in China, India, and other developing regions expand their operations and recruiting efforts beyond their accustomed spheres of influence.

What matters most at work?

Research at Cordant People reveals that financial reward is increasingly important to employees. As a result, companies should focus on monetary incentives. **Bonus rewards rank highest among employees** – other benefits are far less important.

Companies should focus on what their employees really want from them.

41% of SME employees are satisfied or very satisfied with their jobs.

The most important benefits and incentives to SME employees are: competitive compensation (68%), bonuses and merit-based rewards (55%), and vacation time (45%).

41% of employees say higher compensation would increase loyalty and engagement with their current job.

Employees think the following attributes are most important to their employer: the ability to learn and be trained quickly (34%); job performance and results (32%); and loyalty and long-term commitment (31%).

How will the job market look at the end of this decade?

Modern Workplace

'Technology means that people will be able to work from wherever they want to'

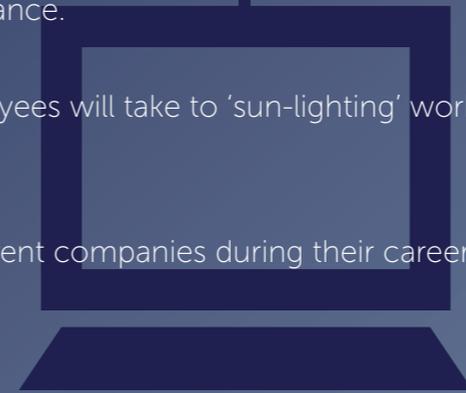
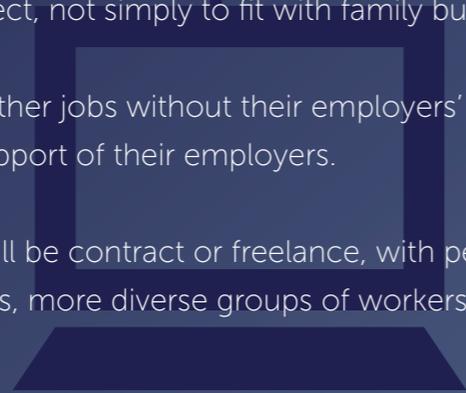
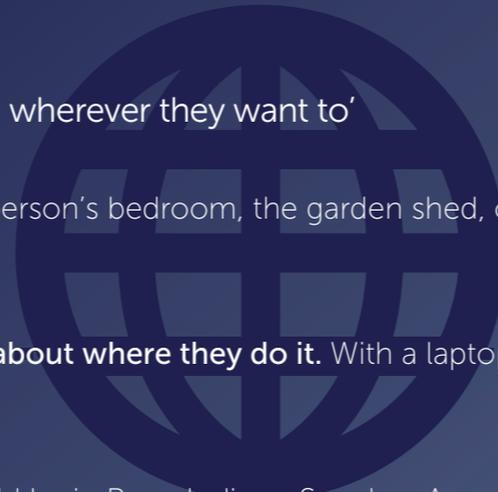
The modern workplace no longer has a 'face' – it could be a person's bedroom, the garden shed, or a coffee shop. Companies now motivate and manage employees who have never set foot inside their corporate office.

Work is becoming more about what employees do and less about where they do it. With a laptop, a Wi-Fi connection, and a mobile phone, knowledge workers can perform their jobs virtually anywhere.

An employee's colleagues that they work with day-to-day could be in Peru, India or Sweden. A person may have a job of senior responsibility and work only three days a week. The 2020 workplace will see employers offering flexibility as standard practice, even in roles of high responsibility, and this is something all employees – male or female, young or old - will expect, not simply to fit with family but to enjoy a true work life balance.

Rather than moonlighting on other jobs without their employers' knowledge, frustrated employees will take to 'sun-lighting' working on a business or charity one day a week with the full knowledge and support of their employers.

More of the 2020 workforce will be contract or freelance, with people working for many different companies during their careers. The workplace of the future will house more generations of employees, more diverse groups of workers and new high-tech roles.



How will the job market look at the end of this decade?

Everything must degenerate into work if anything is to happen

Technology has had a profound influence on the youthful cohort that will begin to dominate the global workforce by 2020.

'Digitally savvy kids grow up and make changes and rapid advancements'

Because young people are immersed in cyber culture nearly everywhere, they tend to be more cosmopolitan and globally attuned than their elders.

Technology is evolving so quickly that in the future it may be difficult to distinguish generations except in increments of just a few years - people two, three, or four years apart are having completely different experiences with technology.

We shape our tools and thereafter our tools shape us. People almost everywhere are expecting instant access to information and immediate responses to their messages.



Options



How will the job market look at the end of this decade?

Workforce Trends of 2020

- **Employee Diversity:** There will be five generations and much greater cultural diversity in the workplace than ever before, leading to a broader set of values and beliefs than today.
- **Employment to Deployment:** One in two workers will be contingent and talent will be deployed and redeployed from around the world as internal and external labour becomes more mobile. Teams will form to tackle projects, after which they will disband. Work will be done anywhere, anytime in the world.
- **Knowledge Work and Skills Shortages:** Three in four jobs will demand higher entry level qualifications as the demand for “knowledge workers” grows and the march towards a knowledge and service economy completes its course. Skills shortages will challenge growth and innovation, especially among STEM (science, technology, engineering and math) career workers.
- **Technology:** One-third of all data will live in or pass through the cloud. Technology will connect employees, partners, clients and prospects, making collaboration, transparency and communication vital for success. Information will need to flow faster and in all directions.
- **Sustainability:** An organization’s lifespan will drop from 45 years to less than 10. To survive, organizations will need to be agile, innovative and demonstrate sustainable practices that are socially responsible.

The ‘She-Economy’

Female participation in the workforce will rise

More women will join the workforce and work longer and will take more leading roles, thus increasing the labour-force participation and raising the employment rate of women is paramount to meet the Europe 2020 headline target (75% of the population aged 20-64 should be employed by 2020).





Disruptive Trends Impacting the Work World

Several socioeconomic trends have emerged to transform employment as we have known it. Among the most powerful of these forces are globalisation, demographic changes, and technological breakthroughs.

In a steadily globalizing world, organizations of all types, in virtually all regions of the world, will need to adapt to a workforce that differs in both attitudes and expectations from workers in the past.

Research at Cordant People indicates that workers may want different things from an employer depending on their stage in life, career development, or financial situation.

Ageing and shrinking populations will result in fewer workers and the global crisis of a shrinking workforce is scarcely noticed never mind managed.

The problem is not just a declining workforce but employees do not have the specific skills required of employers. Skills gaps are rife amongst employers throughout Europe and the USA.

Disruptive Trends Impacting the Work World

“Every situation calls for its own set of custom-made solutions”

Germany is facing a severe labour market shortage, which could hit the country's growth rate from as early as this year (2015), key facts:

There could be a shortage of up to 2.4m workers by 2020, growing to 10m by 2030 (Germany).

Germany is trying to increase the over 65's participation in the labour market from 4 to 10 percent.

If countries such as the US, UK, Germany and Brazil do not manage to close the demand and supply gap, up to \$10 trillion of unrealised gross domestic product could be the result.

This year (2015) one-third of China's population will be over the age of 50.

In India, by contrast, over half of the population is under the age of 30.

Investment in education in Asia and Africa is creating a steady stream of talented youngsters who will increasingly be in demand at home and abroad. At the same time, the population of Europe is in steady decline. At Cordant People we appreciate that these are serious challenges that multinational organisations must face if they are to succeed in the future.

'37 cities will have 10 million or more citizens by 2025'

Population shifts will have a strong influence on where organisations will do business over the coming decades.

Disruptive Trends Impacting the Work World

A third of workers will be over 50 by 2020 in the UK

Employers will be expected to respond to this demographic shift by making work more attractive and feasible for older workers.

Countries, including Finland and Germany, actively support the retention of older workers as a means to avoid anticipated skills shortages.

Attitudes of Employers

Many employers consider their older workers to be a valuable asset: positive aspects attributed to them include a strong work ethic, reliability, loyalty, business experience, institutional memory and specialised skills.

Nevertheless, many negative stereotypes about older workers endure. Common perceptions include that they are less productive than young workers, slower and less adaptable to technological changes.



Effects of a shrinking workforce population

Baby Boomers represent people born from 1946 to 1964.

The Baby Boomers are a generation of people born during the post WWII 'Baby Boom', roughly during the years 1946 to 1964; for example, Bill Gates, Steve Jobs and Richard Branson.

Generation X

Generation X came after the Baby Boomers, and typically covers people born between the mid 1960's and the early 1980's; for example David Cameron.

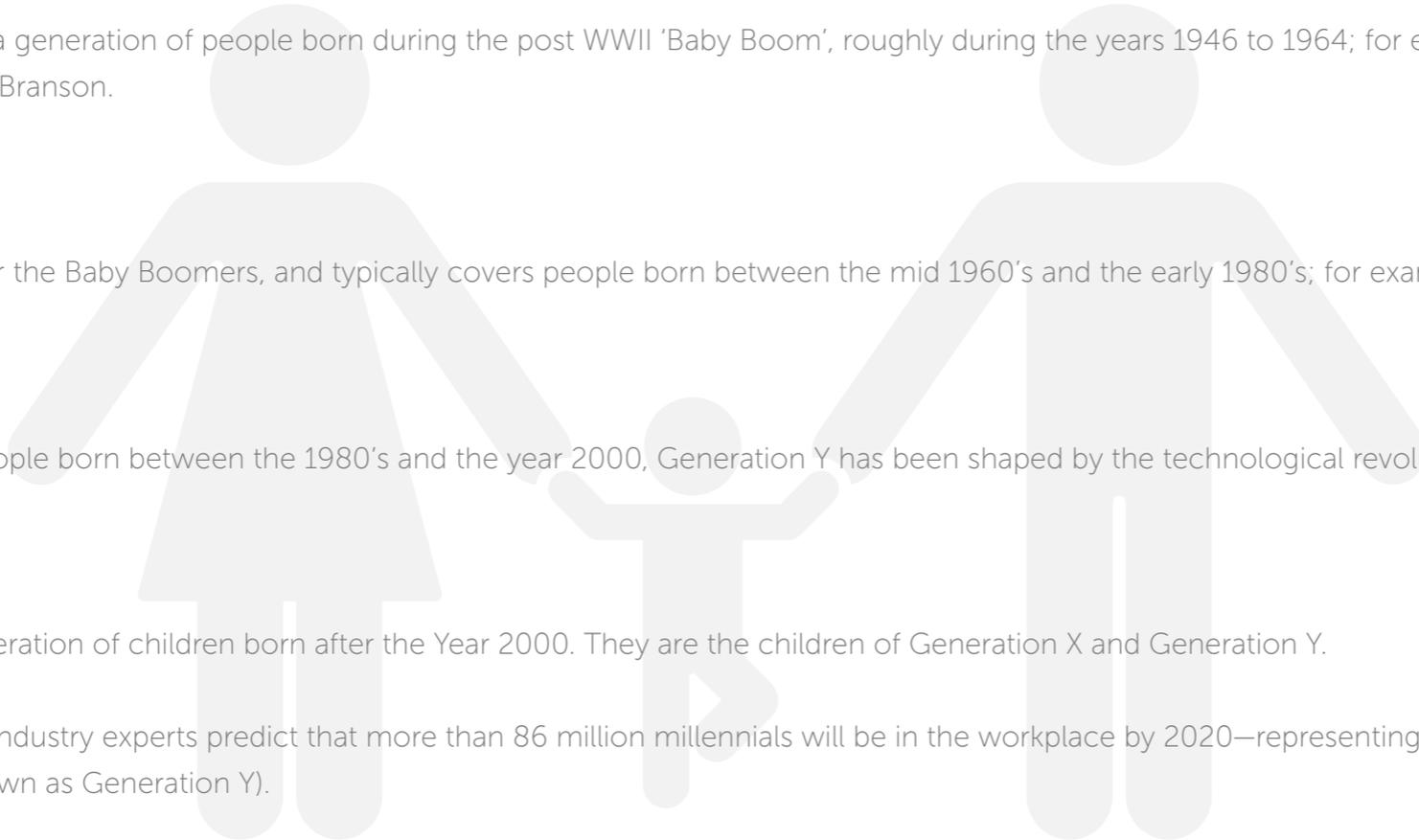
Generation Y

Generation Y covers people born between the 1980's and the year 2000, Generation Y has been shaped by the technological revolution that occurred throughout their youth.

Generation Z

Generation Z is the generation of children born after the Year 2000. They are the children of Generation X and Generation Y.

According to research, industry experts predict that more than 86 million millennials will be in the workplace by 2020—representing a full 40% of the total working population; millennials (are also known as Generation Y).



Effects of a shrinking workforce population

“Generation Y”

Generation Y will not tolerate systems that slow them down, thus smart-phones, apps, social networks and the cloud will all be brought into the workplace.

Top workplace benefits for Generation Y will be:

- Flexible working hours
- Cash bonus
- Learning and Development
- 40% of professionals will change jobs at least every three years
- Graduates will expect to have more than 7 employers during their lifetime

As a recruitment agency we are witnessing how next-generation workers and new ways of working are already affecting operational infrastructure, corporate culture, talent acquisition and retention, and our notions about what a job is – and what it should be.

‘Millennials are the most open to change of any generations’

All of us need to adopt a millennial mindset, regardless of when we were born. Why? In order to thrive in the workplace of the future we need to be agile, digitally literate, use the latest social technologies and above all, be open to people of all cultures, since our workforce of the future will be increasingly multi-cultural, age diverse and global.

Millennials will be roughly 50% of the USA workforce in 2020 and 75% of the global workforce by 2030. The sheer size of this demographic segment will force organisations to re-think many of their policies and practices such as delivery of training and development.

The ageing workforce and impending retirement of the baby-boomer generation will pose serious challenges for most developed countries.

Effects of a shrinking workforce population

The New Face of Work

Research at Cordant People shows priorities shifting as economies rebound globally, and companies lag in understanding these changing dynamics.

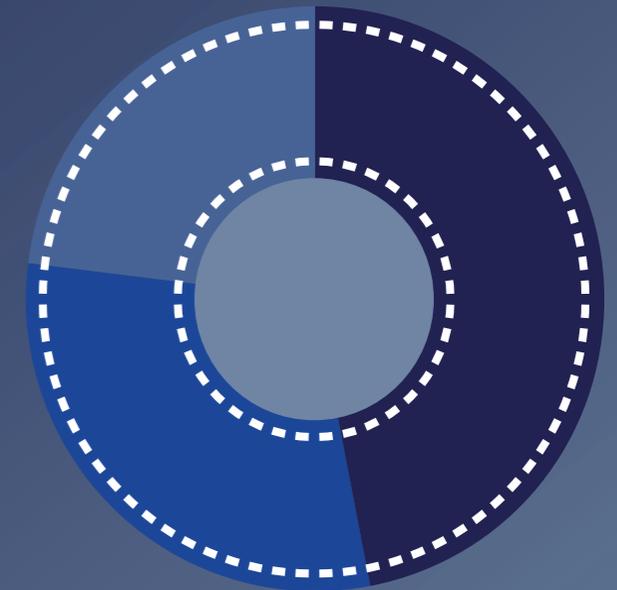
47% of SME employees get ample training on workplace technology; 30% get access to the latest technology. Companies and workers are unprepared for the growing need for technology skills.

84% of SME executives say they are increasingly using contingent, intermittent, seasonal, or consultant employees; but 29% say that this requires changing HR policy. Overall, executives are rethinking compensation, training, and HR technology.

40% of SMEs use quantifiable metrics and benchmarking for workforce development; 41% know how to extract meaningful insights from that data.

Bridging the skills gap

Better training and education opportunities would benefit employees and businesses alike. For employees, obsolescence is a bigger concern than layoffs.



Effects of a shrinking workforce population

“Employees – Millennials and non-Millennials alike – say their top concern is their position changing or becoming obsolete (40 percent). As only 19 percent say economic uncertainty is a concern, their concern over their job is likely skills-related.”

Millennials are dissatisfied with their managers’ ability to sponsor them for development and offering a career path. Only one-third of Millennials are satisfied with how much their managers support them for formal learning and development opportunities and in providing a well-defined career path. Although Baby Boomers and Generation X are equally dissatisfied, development is a slightly higher priority for Millennials.

Firms have difficulty finding adequately skilled employees, but they do not invest enough in identifying and developing talent within their organizations.

Companies need to provide employees with a path and help them develop the key skills that will take the company forward.

Why is learning important?

Companies need to focus on maximizing employee engagement by putting the employee at the centre and leveraging their inherent skills, experience, and collaboration, as well as support for life-long learning.

Change in attitude

| | |
|----------------------------|-------------------------|
| Traditional | Workforce 2020 |
| Security | Flexibility |
| Salary | Prosperity |
| Benefits | Opportunities |
| Promotion ladder | Career navigation |
| Personal assistant | Personalised technology |
| Job description | Work portfolio |
| Commute | Tele-presence |
| Employment history | Personal branding |
| Managing | Coaching |
| Developing specific skills | Maximizing potential |



‘To improve is to change – to be perfect is to change often’

Companies accommodating new expectations

Organizations will need to account for new expectations if they want to continue to stay competitive and successful.

Impact of Social Responsibility

A particularly important factor in attracting and retaining members of Workforce 2020 is social responsibility, companies must operate ethically and with sensitivity regarding social, cultural and economic factors, because by fully embracing social responsibility it demonstrates a positive impact on development accompanied by an optimistic contribution to bottom-line results. Therefore, all companies aiming at long-term business survival and profitability must act in accordance with the norms of right and wrong.

'To improve is to change – to be perfect is to change often'

"The art of progress is to preserve order amid change, and to preserve change amid order."

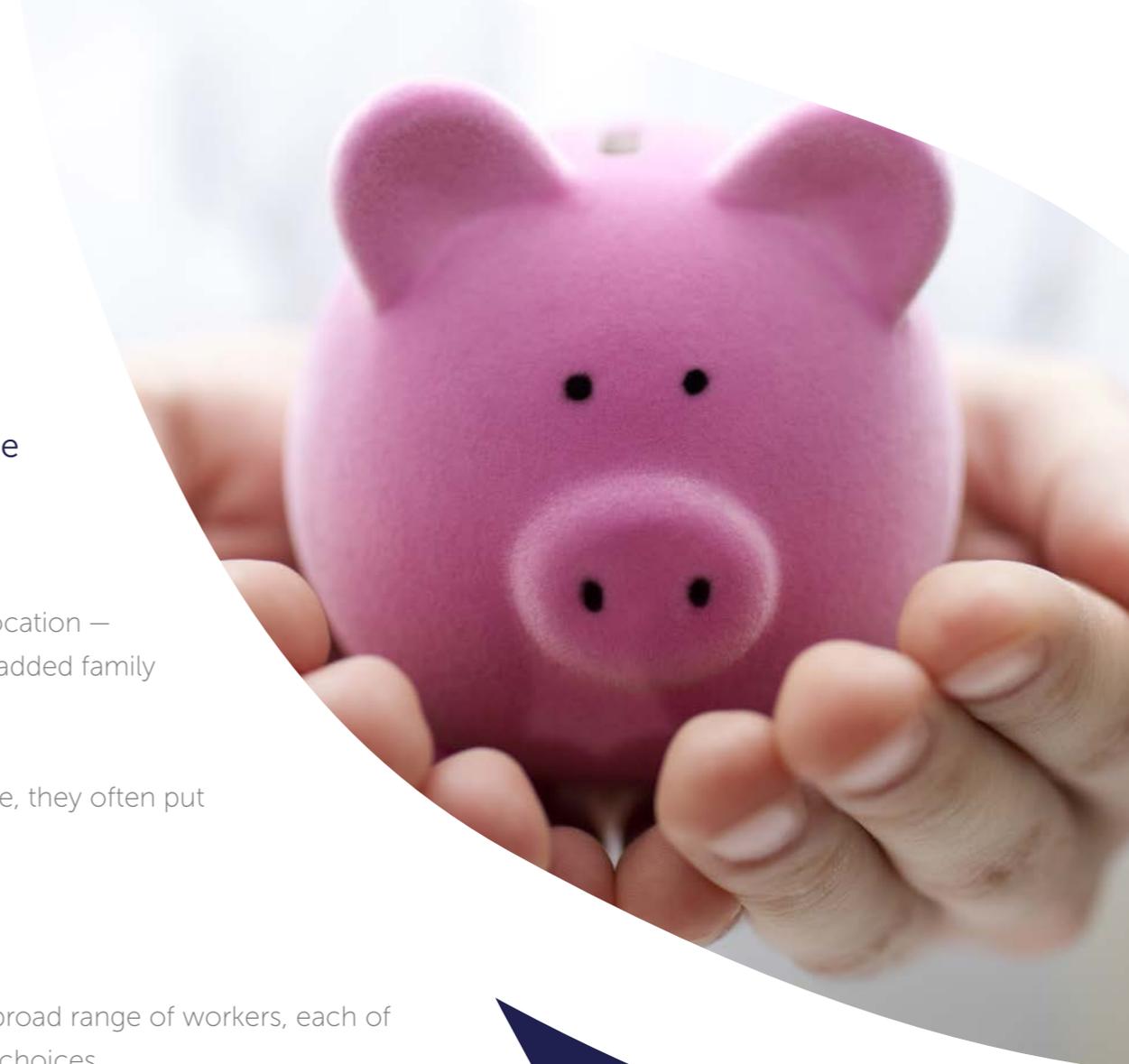
Employees will tailor the job to their own strengths and interests, accounting for personal preferences such as level of responsibility, rewards, workload, pace, schedule, and work location – all of which may change over time, depending on factors such as lifestyle alterations and added family responsibilities.

When people make their own decisions about how to do their work and allocate their time, they often put more energy, effort, and creativity into their jobs.

Rewards Tailored to the Individual

In the organisation of the future, rewards packages will need to be more flexible to suit a broad range of workers, each of whom will want to customise the suite of offerings based on personal values and lifestyle choices.

As an example, rewards could be offered to employees in the form of a menu, with choices based on the employee's individual aspirations, proclivities, and life situation. This approach also allows the organization to get the most value from its investment in employees by continually updating the rewards menu so that it stays aligned with organisational goals.



'To improve is to change – to be perfect is to change often'

Workers and Working (2020)

Hire the person, not the function. Many of today's companies already describe themselves more in terms of the solutions they provide than the products and services they build or render.

Encourage personal branding. Self-reliance and self-actualisation will be watchwords for Workforce 2020. Employees will seek to establish themselves as individual brands, rather than deriving their professional identity from their employer or job title.

Enable work-life integration. To retain and motivate the workforce of the future, organizations will provide more ways for employees to blend their professional expertise with their outside interests.

Make mentoring a priority. Formal and informal mentoring programs will proliferate in the organization of the future. Mentors can be recruited both inside and outside the organization.

Emphasize social responsibility. Organisations will need to be forthright about what they are doing to promote sustainable growth and improve community life, or risk alienating customers and potential employees, particularly the younger generations.

Promote learning and development. ICT will be critical to connecting learners and disseminating instructional materials.

Employers will also need to look at providing younger workers with some of the same one-on-one coaching benefits they now provide managers and executives.

Personalise the career process. Career opportunities may come to resemble university major subject requirements.

That is, the prerequisites for advancement will take the form of a list of choices, with the employee able to choose personalised career paths, milestones, and skill-building endeavours.

'To improve is to change – to be perfect is to change often'

'Answering to a younger boss'

With more generations now working side by side at the office, it has become common for older employees to experience a somewhat uncomfortable reality - answering to a younger boss. It is not uncommon to see 30-year-olds managing 50-year-olds, and it has been well documented that this dynamic can lead to workplace tension.

Factors which cause early retirement from workforce

Three factors strongly affect rates of early withdrawal from the labour market: wealth, health and caring duties.

Caring responsibilities are a major cause of early exit from the labour market, especially for women; around half of the six million carers in the UK are aged 50 to 64.

Increasing Training Opportunities "Train to Gain"

Training has an important role to play in extending working lives.

If people are expecting to work longer, the availability of training opportunities and rates of uptake should increase, if employers and workers recognise the need to maintain skills and employability later into life.



'To improve is to change – to be perfect is to change often'

Adapting Job Design for Older Workers

The UK labour market is changing, with a trend towards roles that are no locations. For many older workers, flexibility would enable them to continue working for longer.

Flexibility can increase job satisfaction, reduce absenteeism and strengthen the psychological contract of trust and loyalty between employer and worker.

Improved understanding of the interaction between health status and the working environment may help to reduce rates of early retirement due to ill health.

Promoting the health and wellbeing of their workforce is in every employer's interest. Initiatives such as stress audits show a good return on investment, reducing sickness absence, staff turnover and improving morale. In the longer term they may also reduce the likelihood of early retirement due to ill health, and ensure that the next generation of older workers will be healthier and more capable of continuing work for longer.

Companies supporting older people at work

The UK is in a strong position to capitalise on the skills and experience of its ageing workforce. In companies where employees over 50 form a high proportion of the workforce, attitudes towards older workers generally are more positive. This suggests that, as the presence of older workers is normalised, their value and productivity will be more positively appraised by employers and other workers alike.



Cordant
People

Supporting local businesses with
their employment needs.

Be *Integral*