

Secure your future people experience

Five imperatives for action



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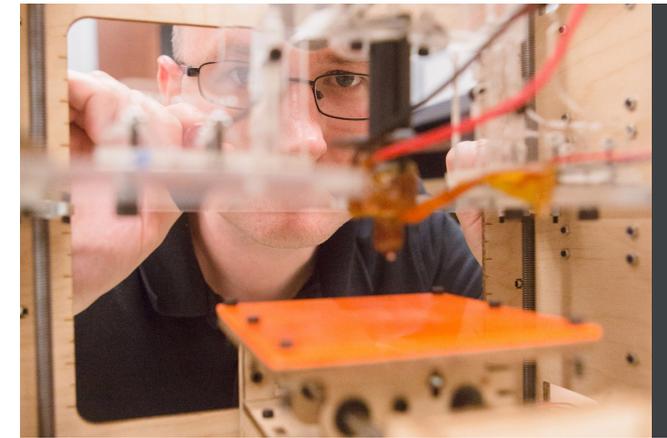
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Leaders preparing for tomorrow's workforce face a world where the old preconceptions do not apply. Yesterday's assumptions about how workers behave and what they value are being upended.

This is a new reality.

Employers need to harness a different mix of skills, support new ways of working and learning, and create new work environments that meet the needs of a diverse workforce. People will demand to be more autonomous, entrepreneurial and free from the constraints of time and place. Businesses need to create a compelling people experience to drive success in a world where technology and changing expectations are redefining what working means for everyone.

Your people experience is at risk

Much of today's conversation about the future of work depicts an epic battle between machines and humans. Technology – and technological determinism – is at the forefront of this way of thinking.

It's not a stretch to predict that technology will be embedded into just about everything; constant and extraordinary innovation in artificial intelligence, robotics and the Internet of Things will continue to radically reshape work. Some tasks will be replaced. Others will be augmented. No job, whether highly skilled or less so, will be left untouched.

So what of human work? Organisational success currently relies on humans, whether they're working alongside technology, developing that technology or working in areas where tech isn't yet as important. In the future, people will still play a pivotal role in how organisations evolve, compete, create and innovate – and will ultimately drive success.¹

To understand how prepared companies are to nurture this workforce of the future, we sought to identify the key organisational capabilities they will need to succeed. Building on PwC research and working in collaboration with Lynda Gratton, Professor of Management Practice at London Business School, we identified 45 key organisational capabilities. We then conducted a global survey of more than 1,200 business and HR leaders from 79 countries to gauge how important those capabilities are to organisations around the world. We also sought to learn whether organisations are taking action today to get ready – and which capabilities are most at risk owing to a lack of action. It turns out that companies have work to do to offer the kind of people experience that will attract and

keep the best talent. The full results are published in *Preparing for tomorrow's workforce, today*.²

Our survey findings show that 13 out of the 20 organisational capabilities identified as being at highest risk – those with the biggest gap between their importance for the future and the action companies are taking today – relate to the people experience. These include such areas as creating job flexibility, providing opportunities to learn, designing an engaging workspace and managing workloads.

This report focuses on how organisations can build the people experience they need for the next stage in the evolution of work. Strengthening these important 'at risk' capabilities is a no-regrets move for organisations as they face a future that's certain to be very different.

The old rules of work – where jobs were for life and breadwinners worked until retirement – applied to a world of stable employment and less technological change. The new rules belong to another universe: one in which people are autonomous, entrepreneurial and less tied to specific times, places and employers. Organisations need to create a place where people want, not just need, to work each day. Unless companies act quickly, they risk reduced performance, loss of their best talent and failure in attracting the people they will need in the future. This report highlights what actions employers need to take today.



Bhushan Sethi

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Time to take action

Our research shows where organisations could and should be taking action today to create the kind of engaging people experience that will help their business and their people thrive now and in the future. Working with Lynda Gratton, Professor of Management Practice at London Business School, and drawing on her research on how to enhance productivity, creativity and innovation, we identify five actions organisations can take now to build a nurturing people experience.

To bring this to life, we use examples of pioneering approaches that some companies are already taking. We present these stories and our research to show what is possible today as a guide to what you might also consider in the context of your own company and workforce strategy.

The five areas for action that corporations must invest in today are:

- tackle ‘burnout’ and boost vitality
- build social resilience
- nurture agility and adaptability
- support ‘intrapreneurship’
- provide autonomy.

A full analysis of the survey data and a description of the most important organisational capabilities is presented in *Preparing for tomorrow’s workforce, today*.

1

Tackle ‘burnout’ and boost vitality

The World Health Organization describes stress as the “global health epidemic of the 21st century.”³ Many people work in continually connected, extremely demanding work cultures where stress and the risk of burnout are pervasive. It’s not just a challenge for busy executives or a question of survival of the fittest, but a real barrier to organisational success affecting people at all levels.⁴



Research suggests that the 20% of employees with the highest engagement levels also report burnout.⁵ These ‘engaged–exhausted’ employees have deeply mixed feelings about work, reporting high levels of passion and stress concurrently. While they display desired behaviours such as high skill acquisition, they also have the highest intentions of leaving their job, even higher than unengaged employees. This means that companies may be at risk of losing some of their most driven and hardworking people.⁶

Many HR departments have experimented with wellness programmes, usually involving exercise or mindfulness. However, these wellness initiatives often treat the symptoms rather than the cause. We have found that a more effective lever is to find ways to deliver vitality by addressing the work itself. Organisations need to ensure that their workspaces and working practices are capable of enhancing, and not inadvertently depleting, employees’ energy and vigour.⁷

Our research found that most business leaders understand the importance of providing working environments where people can thrive, where workloads are manageable and where there is a good work–life balance. But many of them are not taking action to make this happen (see Exhibit 1). In addition, there are major differences across regions in how much organisations accept workers temporarily ‘disconnecting’ from their jobs (see Exhibit 2). Fortunately, there are steps businesses can take to address these issues.

“**Longer working lives are compounding these pressures as people strive to sustain spark, motivation and the relevance of their skills through extended careers that often stop, start and change. Careers are marathons, not sprints.**”

Bhushan Sethi, Joint Global Leader, People and Organisation, PwC US

Not enough life support

Exhibit 1: The percentage of respondents who rated well-being as important compared with the percentage taking action

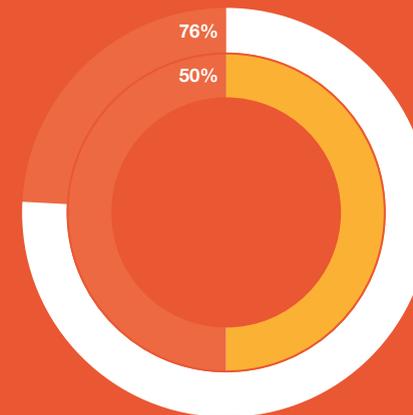
Question: How important are the following to the future of your organisation? (‘Extremely High Importance’ or ‘High Importance’)

Question: To what extent do you agree or disagree with these statements right now? (‘Strongly Agree’ or ‘Agree’)

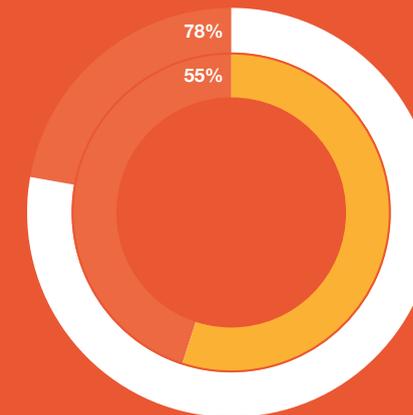
The workload is manageable enough at our company that employees are able to make full use of their vacation allowance and relax away from work pressures most evenings and weekends.

We attract talented people by providing a good work–life balance and flexibility in hours and working locations.

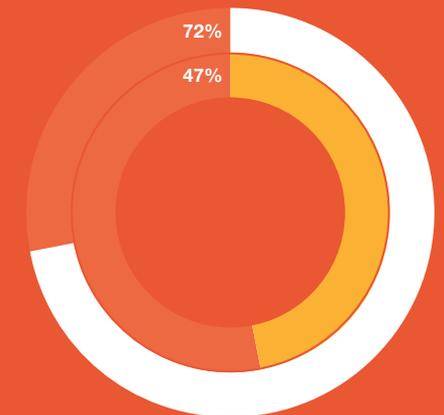
We have designed workspaces to promote well-being, for instance, with spaces for relaxation, recuperation, and to accommodate a variety of working styles.



■ Important
■ Taking action



■ Important
■ Taking action



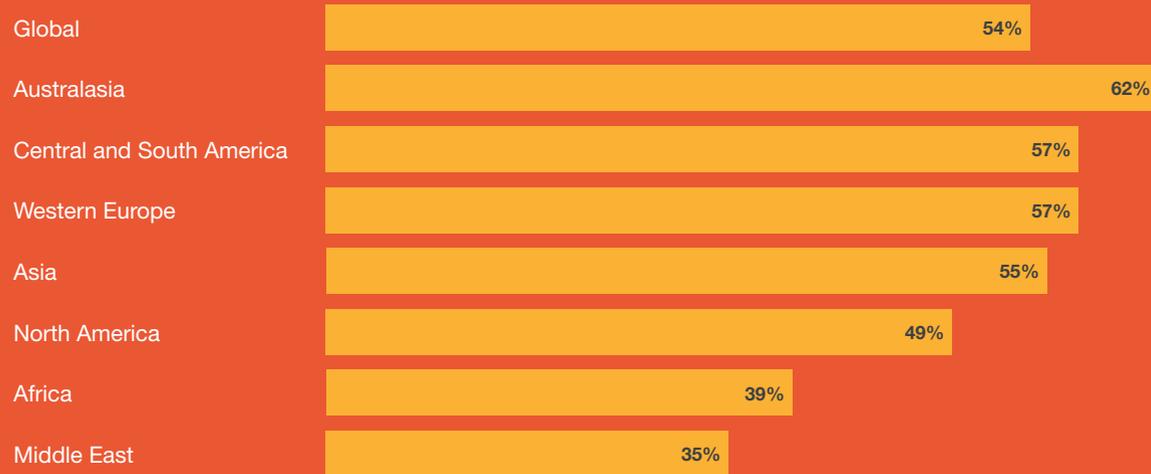
■ Important
■ Taking action

Workers under pressure to be ‘always on’

Exhibit 2: The percentage of respondents who are taking action to allow workers to disconnect, by region

Question: To what extent do you agree or disagree with these statements right now? (‘Strongly Agree’ or ‘Agree’)

We see it as acceptable for employees to disconnect from work (i.e., not check emails or return phone calls) outside working hours, while on holiday or at the weekend, if they choose to do so.



Build in more periods of recovery

Overwork has become a symbol of status and success in many corporations. One consequence is that some people – especially men, research suggests – put in more time than necessary or even overstate their hours.⁸ However, there is considerable evidence that work performance plunges when people toil for extended periods without a break.⁹ Productivity in the US is rising by just 1% annually, despite employees working more hours.¹⁰ Overwork is a story of diminishing returns.

The restorative experiences employees have on vacation sharpen attention, bring mental clarity and inspire insights. After just a few days of leave, people’s reaction time jumps by 80%.¹¹ Vacations not only are a boon to the way people think, but also foster greater life satisfaction. How often you take a vacation is a better predictor of your well-being than the amount of money you earn. A regular vacationer earning US\$24,000 a year is generally happier than an infrequent vacationer earning five times as much.¹² Yet two in five employees in the UK, for example, take just half their paid holiday entitlement.¹³ With the absence of recovery periods in corporations dramatically preventing people from building their vitality, it may be time to treat unused vacation days as a negative metric: one that indicates that a company is heading for burnout.

According to our survey, three-quarters of respondents (76%) consider “a workload that is manageable enough to enable periods of recovery” to be of high or extremely high importance in the future. However, only half are taking action to make this a reality.

30%

of companies commonly allow **sabbaticals or career breaks**

Companies have experimented with different ways to encourage their employees to take more time off. 'Unlimited vacation' was touted for a while, but some companies found that employees actually took less time off because they struggled to decipher what was acceptable in the absence of clear rules.¹⁴ Kickstarter, for example, retracted its unlimited vacation approach because of this unintended consequence.¹⁵

What is the solution? Frequent, scheduled, mandatory vacation. This is something managers must actively monitor and encourage. They need to understand and address the obstacles employees face in taking their time off, and put processes in place to ensure that the vacationer does not return to an overwhelming workload.¹⁶

Be purposeful about short breaks during the workday

Humans need periods of internal recovery – both mental and physical – throughout the workday to perform at their best.¹⁷ But organisations striving to enhance productivity can easily undermine sustainable high performance by seeking to squeeze more out of their people. Instead, they should build a culture of protecting vitality and recognise that the highest-quality work can't be done by humans working like machines; people need space and time for inspiration. Balancing work activity with brief moments of detachment from tasks can promote greater energy, mental clarity, creativity and focus, ultimately growing workers' capacity for resilience throughout the course of the workday. The long-term payoff is that people preserve energy and prevent burnout over the course of days, weeks and months.¹⁸

Mandatory leave at Buffer

In 2015, social media management platform Buffer introduced financial incentives to encourage employees to take more leave. Yet this did not yield the anticipated results. Like the unlimited vacation policy, it counterintuitively led to employees taking less time off. In 2016, to overcome employees' reluctance to take leave, Buffer implemented a mandatory vacation policy. Each employee is expected to take a minimum of 15 days of leave. Keen to ensure that employees take up the allocated leave, managers are expected to monitor employees' time off and work with them to schedule vacation time if the employee has not done so. The mandatory leave policy has started to show signs of success; company data indicates that 56% of employees will have taken all 15 days of vacation (or more) by the end of 2018, up from 43%.¹⁹



One strategy in particular has been found to help employees take regular breaks. Research shows that we naturally function in what are known as ultradian cycles, periods of high-frequency brain activity (about 90 minutes) followed by lower-frequency brain activity (about 20 minutes).²⁰ Employees should, therefore, be encouraged to take a recharging break every 90 minutes, especially when using technology, which makes the brain overly active. If you try to push through the rest phase of your ultradian rhythm, some research shows that you trigger the body's fight-or-flight response.²¹ That's bad news because it causes the parts of the brain that handle logic to become less active.²²

Technology can also help: some apps and computer software remind and encourage people to take physical and mental breaks regularly through the day. PwC Netherlands uses such a system to encourage its staff and partners to take regular breaks, stretch and move away from their screens for a short, energising break.

Let employees choose when and where they work

The freedom to choose when and where to work is a growing priority for people struggling to fulfill the many roles they play within and outside work. Yet many companies still fail to make flexible working arrangements a reality for employees, or, if they do, they discriminate against those who take up the option. Our survey results highlight the gap between desire and reality: 59% of HR leaders agreed or strongly agreed that their organisations provide a good work-life balance and flexibility over hours and working locations. However, only 47% of non-HR respondents said that their organisation had developed this capability. HR may have initiatives and programmes in place to enable flexible working, but people are either unaware of them or reluctant to use them. It is vital to bridge this gap – but organisational barriers exist.

67%

of companies say they have policies in place to promote physical and mental well-being

The desire for variety and flexibility, though proven to increase productivity and retention, and to be in line with today's drive to reduce real estate costs, is still in conflict with the corporate preference for the standardised working times and operating procedures that have dominated organisational practice since the Industrial Revolution. Flexible working policies may have benefits for the offsite worker, but they also present drawbacks for those left behind. If workers become out of sync with others in their network, the value of their time is reduced, and that can lead to higher stress levels and lower well-being.²³

A company that disrupts the five-day workweek of eight-hour days could potentially create a competitive edge. A growing body of research and corporate case studies suggests that a transition to a shorter workweek would lead to increased productivity, improved health and higher employee retention rates.²⁴ However, organisations must also be mindful of the unintended consequences of flexible working.

Poorly managed offsite working can lead to isolation and can intensify a 24/7 'always on' culture as people lengthen their workdays to accommodate others' needs for flexibility.²⁵ To address this possibility, companies should lay out clear rules that establish the times when people must be available – either physically or online – and enable people to have 'protected time off' during which colleagues must respect their need for recuperation.²⁶ In addition, the worth of flexible work will be appreciated only if leadership models the activity and ensures that all employees are sent the right signals.



Dynamic working at Barclays

Global banking group Barclays intentionally did not define *dynamic working* as a policy, but rather phrased it as a question: “How do you work your life?” The firm offers a range of initiatives to support people at various stages of their life, including those pursuing an education and those serving as caregivers and parents. Examples include working from home, changing or condensing working hours, taking career breaks and job sharing. Launched in November 2015, the dynamic working campaign aims to nudge behaviours through videos, case studies and a dynamic working portal showcasing how colleagues define it. These methods of storytelling, from Barclays’ 3,000 middle- and senior-level dynamic working champions, provide realistic role models across the organisation. Even the most senior levels provide visible support for the programme.

The organisation reminds people of the benefits of dynamic working; its data shows that dynamic workers may be less likely to leave the organisation. In 2017, 57% of employees identified themselves as dynamic workers, and their engagement scores substantially outpaced those of others, including 5% higher scores in sustainable engagement.

Flexible Talent Network at PwC UK

PwC UK has created the Flexible Talent Network, which provides opportunities for experienced individuals who want a flexible working life. Network members support client engagements during peak periods, enabling them to make use of their skills and remain connected to the organisation, while focusing on other interests and needs during the year. People in PwC's Flexible Talent Network agree to a contract in advance, including the number of workdays that suits their lifestyle. They are eligible for holiday pay, sick pay, pension and a bonus. More than 2,000 people signed up to participate in the first two weeks after the programme was announced in August 2018.²⁷

Provide an ecosystem of workspace

In today's workplace, we are always connected and prone to frequent interruptions that leave us feeling fatigued and burned out. Distractions are not only digital. Employees are corralled into numerous meetings, conducted in offices that afford little respite from noise. Studies indicate that many people who work in offices spend anywhere from 35% to 55% of their time in meetings.²⁸ Furthermore, many employees work in an open office environment, and the size of their workspaces is shrinking.²⁹ Evidence of our attention's fragility continues to mount.³⁰ It is important to give people the opportunity to combine coming into work with working outside the office.

The best work environments reflect the natural rhythm of collaboration: people need to focus alone to process information, come together as a group to build on their ideas, then break apart to take the next steps. Work environments should have both communal and private spaces. Individual personalities also shape how much privacy people require; open plan spaces may suit extroverts to the detriment of introverts. Organisations' ability to nurture vitality will benefit from accommodating multiple work environments and rhythms.³¹ Our survey shows that the perceptions of HR and business leaders differ: only 39% of business leaders agreed or strongly agreed that their organisations "have designed workspaces to promote well-being...and to accommodate a variety of working styles," compared with 52% of HR leaders who believe they have.

71%

of respondents say supporting **remote and virtual working** is important to their future

2

Build social resilience

Loneliness is a growing issue with a tangible impact on people's health. We live in the most technologically connected age, yet rates of loneliness in the US, for example, have doubled since the 1980s. These feelings of isolation affect a person's ability to perform at work and are correlated with lower creativity and impaired decision making.³² For most people, work is an important opportunity to interact with others and to feel part of a community, creating a sense of connection and belonging.

As we live longer, social connections are going to be particularly important. To illustrate, let us consider that those who live to 60 years of age have around 93,600 productive hours, whereas for those who live to 100, it is 218,400.³³ More than doubling the number of productive work hours a person has opens up myriad options for transformation. Some of these changes may be voluntary – returning to education, for example, or switching careers. Others may be forced by external circumstances, such as being made redundant. To successfully navigate these transformations, people need to find fresh opportunities and leverage social connections for emotional resilience; they must find new ways to adjust to their sense of self and to innovate in the years ahead.

Organisations play an important role in enabling social connectedness and building more resilient workforces that are better able to withstand change and disruption. New models of working may create flexibility, but they can also reduce opportunities for interactions and relationships. Overcoming this challenge requires organisations to rethink the way they help people build connections. Although organisations understand how important such connections are, they are not taking steps to facilitate networking both inside and outside the workplace (see Exhibit 3).

Failing to make vital connections

Exhibit 3: The percentage of respondents who rated social and workplace networks as important compared with the percentage taking action

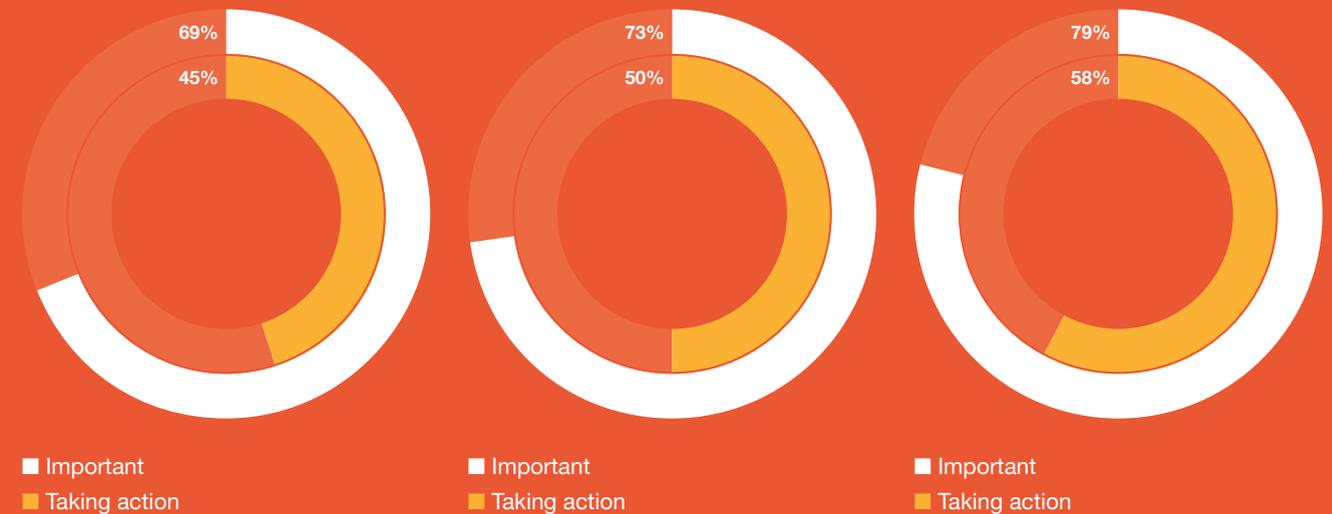
Question: How important are the following to the future of your organisation? ('Extremely High Importance' or 'High Importance')

Question: To what extent do you agree or disagree with these statements right now? ('Strongly Agree' or 'Agree')

We encourage and reward employees for building networks and relationships outside of their function and organisation.

We have a robust virtual social platform and/or cloud technology that enables collaboration between employees.

Our working environments are designed to encourage teamwork, collaboration and innovation.



In her work, Professor Gratton describes three key networks – the posse, the big ideas crowd and the regenerative community – that are vital to workers’ productivity and well-being.³⁴ When organisations understand these dynamics, they can better plan for their future workforce.

Nurture the ‘posse’

The ‘posse’ is the group of people in similar industries and roles that a person can turn to for advice.

Close work relationships boost employee satisfaction by 50%, and people with a best friend at work are seven times as likely as others to engage fully in their work.³⁵ However, in the workplace today, the opportunities for interactions and relationships can be reduced by new models of flexible working. Coworkers who previously worked in the same city may now be distributed around the globe in different time zones.

Overcoming this challenge requires organisations to transform the way they connect people; for example, by embedding collaborative technologies such as enterprise social networks deep into processes. However, this approach doesn’t always work out.³⁶ This difficulty is reflected in our survey results: only 50% of respondents agreed or strongly agreed that their organisations have successfully developed a robust virtual social platform.

Enterprise social networks work best in organisations that already have collaborative cultures. People are not going to share information or build relationships in cultures where ‘what you know’ is an important source of power. Building collaborative cultures requires an organisational rethink, particularly when it comes to incentives. Rewards send a powerful signal about the behaviours an organisation encourages.

In most corporations today, job design and performance management are based on individual accountability, despite the fact that most work is collaborative. Talent management practices usually focus on individual competencies and experiences while overlooking an employee’s contribution to the team and their ability to gain value from their network. As a result, employees are less likely to share knowledge freely, learn from one another, help one another complete tasks and meet deadlines, and share resources.³⁷

When rewards for individual performance predominate, people are motivated to compete, not collaborate. They are more likely to hoard knowledge and connections. In contrast, when people are rewarded for their learning, they are motivated to build relationships, collaborate and explore opportunities to acquire knowledge from others. These learning rewards focus not just on the work employees do on their own, but also on how they leverage input and ideas from others, and what they contribute to others’ success. Therefore, to foster collaboration and nurture the ‘posse’, organisations must move away from short-term performance indicators towards more forward-thinking learning rewards.

Knome at Tata Consultancy Services

Tata Consultancy Services’ Knome platform is an enterprise social network that connects 380,000 employees around the world in one online forum. Knome’s aim is to make firmwide communication – through blog posts and message boards – the norm, in place of private communications such as email. Its aim in doing so is to unleash unstructured collaboration, innovation and creativity. It seeks to create a community out of the global workforce.

Each person has a unique profile that includes a picture, information on their skills and, if they choose, information about their non-work life, such as interests and hobbies. In this way, Knome allows employees to integrate their work and non-work identities, thereby encouraging them to bring their whole selves to work. Users can upload blogs, create communities with colleagues who share interests, comment on activity taking place in the business and engage in innovation challenges.

More than 300,000 employees are actively using Knome and making new connections. Employees have also created more than 9,500 online communities of shared interests and skill sets where they share ideas and collaborate.



Build the 'big ideas crowd'

The 'big ideas crowd' is an extended and diverse group of people with whom a person has weaker ties.

It's a myth that ideas stem from the solitary genius or lone inventor; it's the serendipitous encounters made possible by a person's network that fuel people to create innovative products and services. A study of 2 million patents awarded over the past 50 years found that the most innovative and high-impact ideas are much more likely to come from cross-enterprise collaborations than from teams from the same university, lab, or research centre.³⁸ However, most people tend to build networks that are heavily skewed toward their own functional, business or geographical groups, and fail to elicit or value the input and perspectives of peers from different functional or organisational groups. This creates an echo chamber in which very little new information circulates. Groups become stuck in consensus and, after a while, people think and act alike.³⁹

Providing people with the ability to build diverse networks (and rewarding those who do so) may become an increasingly important tool for attracting the best talent. However, in our survey, only 45% of respondents agreed or strongly agreed that their organisations encourage and reward employees who build diverse networks.

To build the 'big ideas crowd', we can learn from the workshops of the Renaissance, where artisans met and worked with architects, mathematicians, engineers, anatomists and scientists. The result was entrepreneurship and innovation that generated social and economic value.⁴⁰ To emulate this kind of collaboration today, corporations can make use of coworking spaces alongside traditional offices, as these spaces bring people together from multiple organisations in the same physical location even though they are not necessarily working on the same project or task. This can work well for non-proprietary projects and knowledge building. Some corporations, including subsidiaries of Unilever, are offering employees the opportunity to work at startups for a period of time to help them think outside their traditional roles and build diverse networks.⁴¹

The 'big ideas crowd' also helps companies in times of flux. As jobs are destroyed and new ones created in response to disruptive technological innovation, having a talent pool that can transform by drawing on diverse networks will help produce a more resilient organisation.

15%

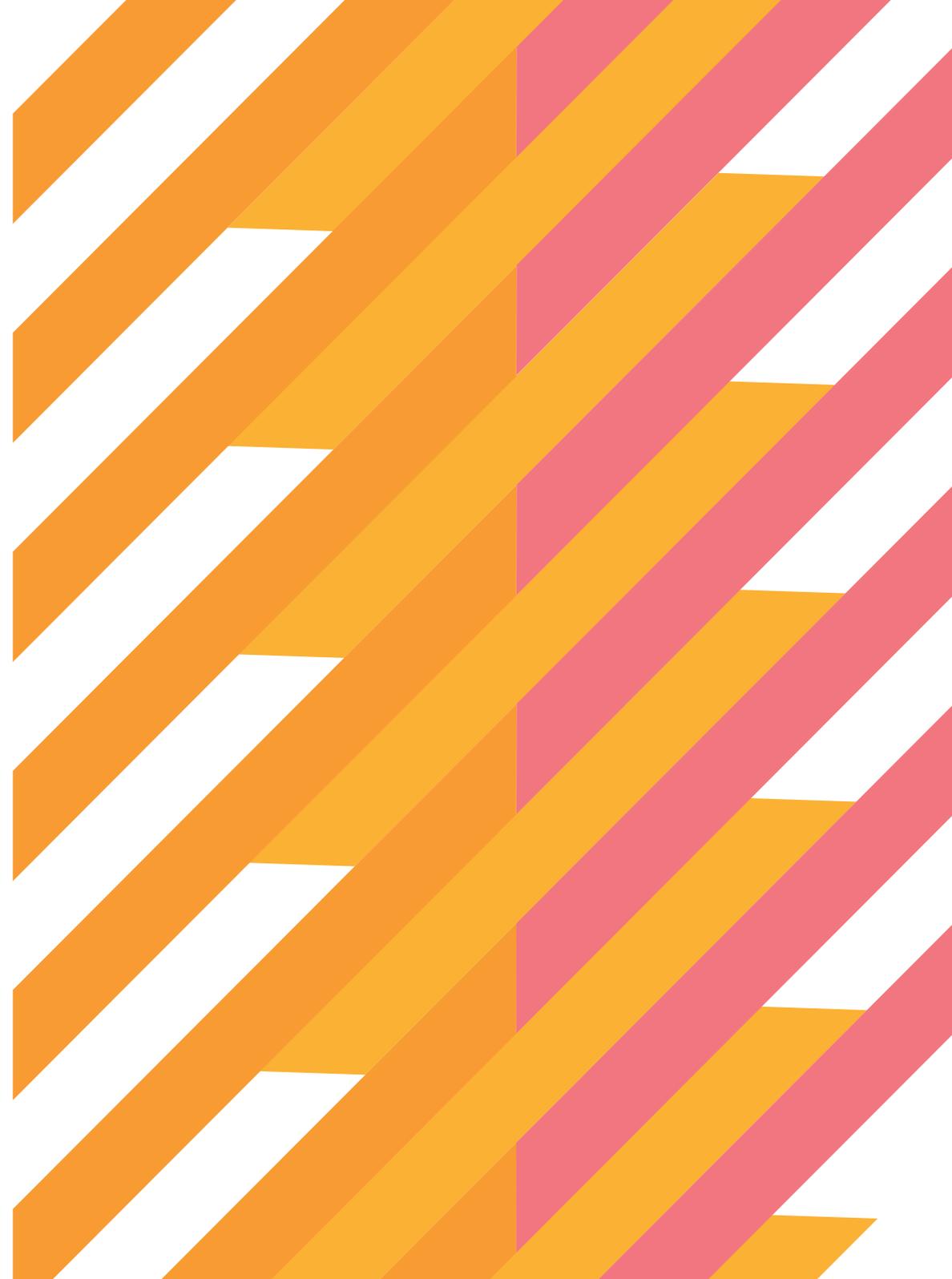
of respondents 'strongly agree' they have **work-life balance** policies that reflect **diverse family arrangements** and caring responsibilities

Facilitate the 'regenerative community'

The 'regenerative community' includes people with whom a person has strong ties; it tends to be family or friends outside work.

The network known as the 'regenerative community' is essential in providing emotional support during difficult times and is vital for maintaining resilience.⁴² A long-running Harvard University study has found that close social relationships are more important than money in promoting happiness. These close ties protect people from life's setbacks, help to delay mental and physical decline, and are better predictors of long and happy lives than social class, IQ or even genes.⁴³ But we can easily overlook the importance of these bonds.

The pressure of tight deadlines and the 24/7 work culture mean that fewer people are finding friendships outside the workplace. The number of people who report having a close confidante in their lives has been declining over the past few decades.⁴⁴ Organisations can prevent this by ensuring their employees can disconnect from work. Managers play an integral part as role models, by showing their commitment to avoiding excessive workloads and minimising unpredictable hours.



Nurture agility and adaptability

Increasing life expectancy and the profound disruption of skill sets and career paths by technological change mean that individuals will undertake more transitions at greater frequencies over their lifetime. As noted earlier, some of these transitions may be voluntary and others may be thrust upon people.

3



Every individual will need to develop the capability to adapt quickly and confidently. Organisations can help employees make successful transitions by emphasising the importance of diversity of experiences and lifelong learning. Employees themselves are pushing for continuous learning and development opportunities. For companies hiring younger employees, the ability to learn and progress is now a key employment criterion and a factor in their own brand building.

This calls for corporations to deliver learning tailored to individual needs. Organisations cannot merely rely on education institutions in a landscape of changing jobs and skills requirements.



As people work longer and skills and demands evolve, organisations have a key role to play in helping their employees to adapt quickly and confidently to frequent transition. This includes offering the diversity of experience and commitment to lifelong learning that employees now prize and which forms a key element of a successful employer brand.”

Carol Stubbings, Joint Global People and Organisation Leader, PwC UK

Not enough opportunities to grow

Exhibit 4: The percentage of respondents who rated agility and adaptability as important compared with the percentage taking action

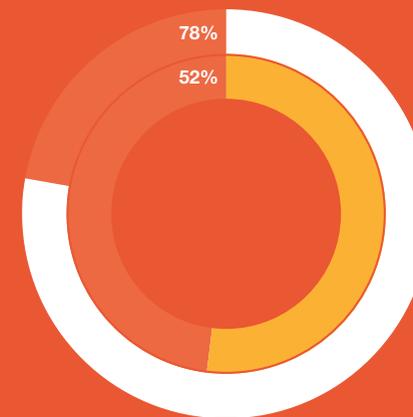
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Question: To what extent do you agree or disagree with these statements right now? ('Strongly Agree' or 'Agree')

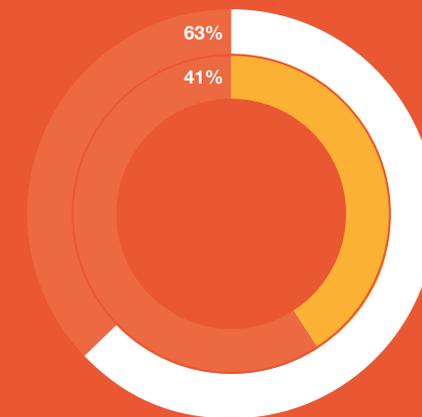
Our talent practices and processes (e.g., rotations, secondments, learning and development opportunities) are designed to nurture employee agility and adaptability.

We have effective global mobility and collaboration programmes that make the best use of talented people across borders.

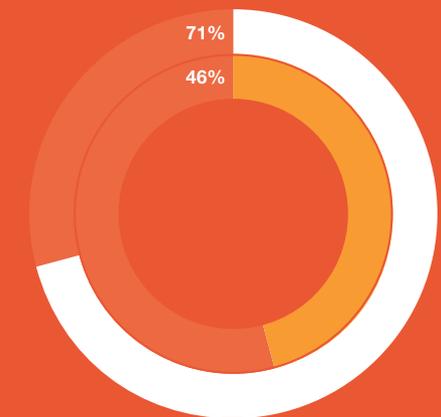
We have moved away from an 'up-or-out' career model towards multiple career paths that cater to diverse employee needs and aspirations.



■ Important
■ Taking action



■ Important
■ Taking action



■ Important
■ Taking action

Set the expectation that change is a constant

Workers will need to train and retrain throughout their lives just as organisations will need to transform and transform again.⁴⁵ In Singapore, for example, the Government is giving grants to workers to help them retrain throughout their working lives, not simply so they gain new skills but also to adjust general expectations: retraining will become the norm.

Organisations also need to do more to help their workers understand that change will be continual, demanding and sometimes fast-paced. By helping workers gain this understanding, companies are doing their very best to arm them for the change mind-set and recognition of the new skills they will need in the future. But according to our research, although they understand the importance of managing change, organisations are not taking enough action to help their employees adapt (see Exhibit 4).

Provide 'just-enough, just-in-time and just-for-me' learning

Classroom teaching and incremental development of skill sets are at odds with the new world of work. People are now accustomed to getting information in real time, in short sprints, through online platforms. Within organisations, this transformation is also shifting from 'just-in-case' learning, characteristic of university programmes, to an approach described as 'just-enough, just-in-time and just-for-me'. The emphasis is on personalised, concise content that is accessible as and when needed, across devices.

New ways of learning require a change in the education relationship between employer and employee from parent-child to adult-adult. In this context, employees have ownership of their learning and are empowered to define their skill gap and choose when, how and what they want to learn. For organisations, it means transitioning from being a provider of learning to being an enabler of learning.

73%

of companies say identifying and building **future skills** created by the **impact of technology** is important

Companies must create the space for people to decelerate, reflect and learn from peers. The rise in self-directed learning creates a new need for 'credentialising' systems that recognise when people gain new skills. Such a system could take the form of digital badges, for example, which individuals can point to when applying for new opportunities within or outside the company.⁴⁶ Corporations need to provide the tools and space for employees to share and be recognised for any learning, both internally and externally.

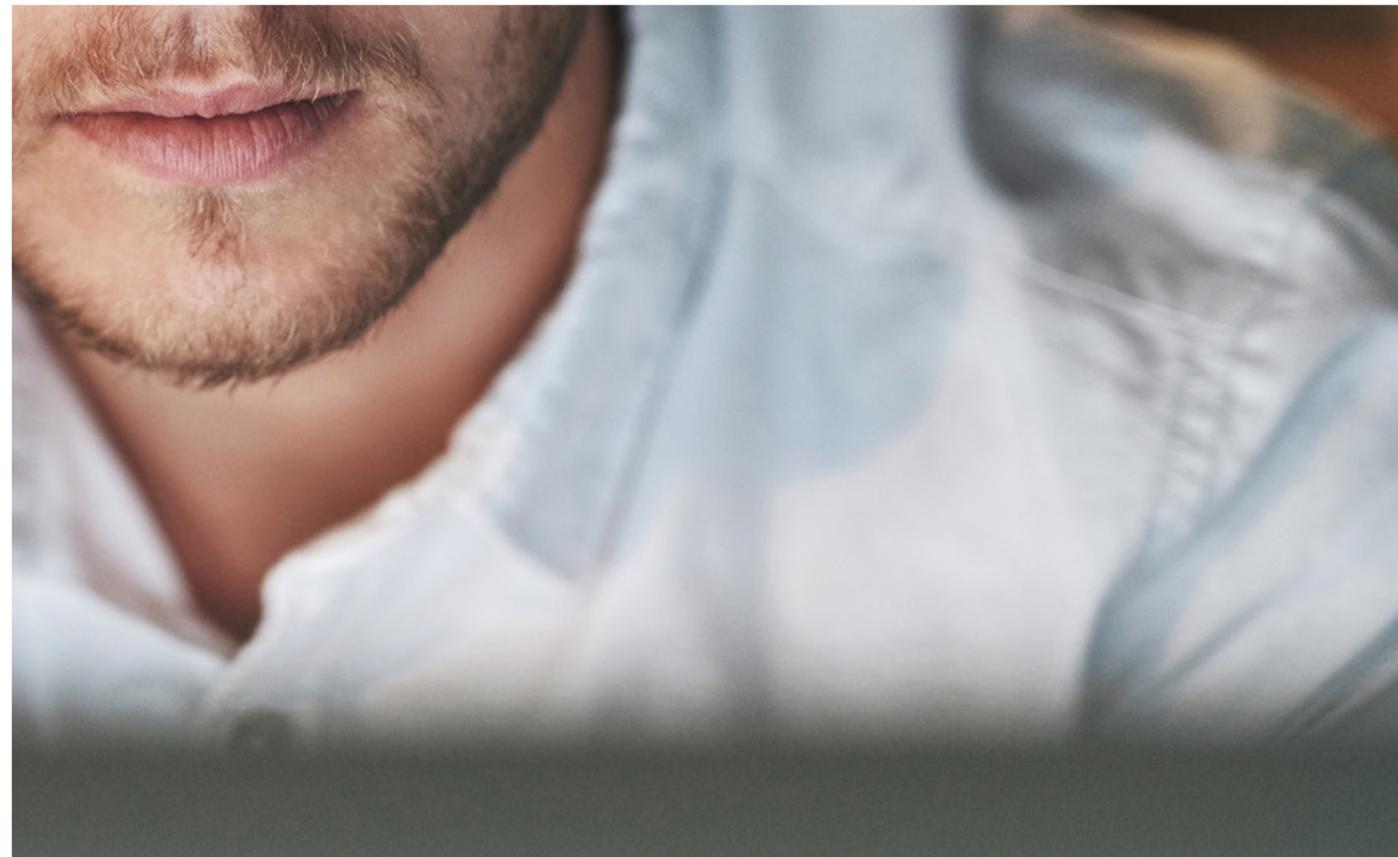
Organisations can tap into new technological tools to make learning a part of the culture. Technology is not only offering new ways of learning predefined content, for example through micro-learning, but also facilitating peer-to-peer learning. In addition, augmented and virtual reality learning is increasingly geared towards knowledge workers. These technologies will offer companies new opportunities for engaging the workforce over the next few years.

Accurate anticipation of future jobs and skills requirements by corporations is also crucial in creating a learning organisation. People need opportunities to gauge which jobs may be at risk and to identify the new tasks and jobs that are being created. Knowing how jobs may transform creates a basis for personal planning and acts as a motivator for learning.



Job forecasting at AT&T

Telecommunications giant AT&T has invested US\$250m in supporting learning opportunities for its employees. It uses technology to help forecast job profiles by mapping job categories and competencies and to help show areas of likely growth as well as jobs at risk. Employees are able to use this information to select new learning pathways. The company offers up to US\$8,000 in annual tuition aid per employee for degrees and nanodegrees, with a lifetime cap of US\$25,000 for undergraduate degrees and US\$30,000 for graduate degrees. As a result of this investment, 140,000 employees have been engaged in acquiring skills for newly created roles.⁴⁷



Learning Bank at Westpac

Australian banking group Westpac has created a social learning platform, Learning Bank, which it rolled out to 40,000 employees in 2017 after a pilot demonstrated a high demand for a new way of learning. Learning Bank incorporates elements of social, collaborative and gamified learning. Employees can access the platform via their computers, smartphones and tablets. Employees browse different learning modules, which include materials provided by their peers alongside those from the learning and development team. Content comes in various forms, including articles and videos that take only a few minutes each to read and watch, and lengthier interactive tutorials. Employees can comment, rate content and interact with one another within each module. The modules are also linked to Westpac's social networking tool, Yammer, to allow people to build communities around the learning module they are engaged in. When logging in to Learning Bank, learners see what's trending as the most highly rated and most read modules on the platform.

Content can be tagged to employees' areas of focus for a more relevant and personal learning experience. Learning Bank also uses gamification in the form of a leaderboard to promote engagement through competition and connection. As employees enrol in and complete learning modules, they earn points on the leaderboard. When they teach someone else or share through the platform or Yammer, they earn even more. Westpac's Learning Bank is an example of the changing landscape of corporate learning, shifting from the traditional model of just-in-case learning to empowering employees to learn what they choose, when and where they want to learn it.

Foster internal mobility

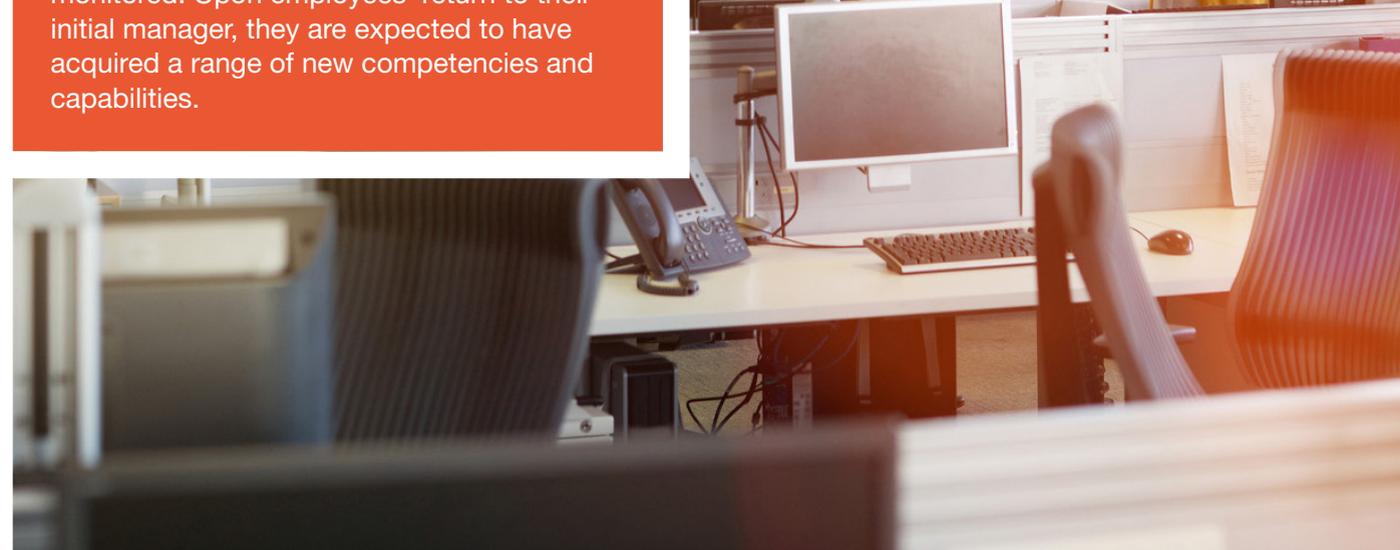
Diverse experiences and skill sets will be critical for individuals if they are to successfully transform over their working life. Corporations can help people gain skills by providing opportunities for them to try a new role in a different part of the organisation or in a different country. Job rotations and secondments broaden an individual's skill set, making them more resilient to future change. They also create agility within the organisation, making it easier for people to move out of roles that are no longer required and into new value-adding positions.⁴⁸

Likewise, organisations benefit from bringing diverse perspectives together to address specific challenges. Greater internal mobility enables organisations to combine multiple disciplines and skill sets to innovate new products, services and ways of working. One approach is to bring people together to solve a specific problem and then disband this loose team. Some consultancies work on this premise. For example, Continuum hires a diverse array of designers, engineers, psychologists, artists, MBAs and ethnographers as needed, based on client projects. The company is deliberate about securing clients from a variety of fields and geographies, so that its consultants are exposed to a diverse set of design and business challenges and can cross-pollinate ideas from different industries, life experiences and cultural perspectives.⁴⁹



Rotations at Fastweb

Fastweb, an Italian telecommunications company, recently launched a rotational development programme that aims to increase internal mobility as part of its talent attraction and retention strategy. Each rotation path consists of three stakeholders: the employee, their current manager and the manager who will acquire the employee during the programme. The programme can last six months to a year, during which employees are assessed and monitored. Upon employees' return to their initial manager, they are expected to have acquired a range of new competencies and capabilities.



Offer career customisation

The traditional model of education, employment and retirement has underpinned organisations' processes and practices for generations. This three-stage model has a clear linear direction for career advancement. As a result, career success is evaluated via the rate of upward mobility and accumulation of tangible assets, such as salary. Organisations are increasingly observing more variety within generational cohorts, however, as people move from the three-stage life to multiple stages that they transition through, often out of sync with their peers. Increasingly, people of every age want to build a career that blends corporate jobs, freelance gigs and time spent out of the workforce for recuperation, education and exploration.⁵⁰

Such 'multi-directionality' doesn't just affect career paths; it has implications for the evaluation of career success. Employees now have multiple options. For example, instead of racing up the corporate ladder, people are often willing to make a lateral move into a position with a similar pay grade to gain greater personal satisfaction or to pursue an entirely new career path. Employees first look to see if there is an interesting lateral opportunity at their current company before looking elsewhere. What this suggests is that employees want to remain with their current employer, but only if they have the opportunity to customise their careers.⁵¹ Organisations should not make assumptions about people's motivations based on gender or life stage; they will need to enable employees to set their own goals and expectations in terms of the speed and direction of career progression. Corporations must also consider endorsing practices such as ongoing networking, training and mentoring to reintegrate employees who may decide to leave or to dial down responsibility at various points in their career course.

Only 37% of business leaders agreed or strongly agreed that their organisations offer career customisation, compared to 52% of HR leaders. This means that widely communicating such initiatives and role modelling by senior leadership is of paramount importance.

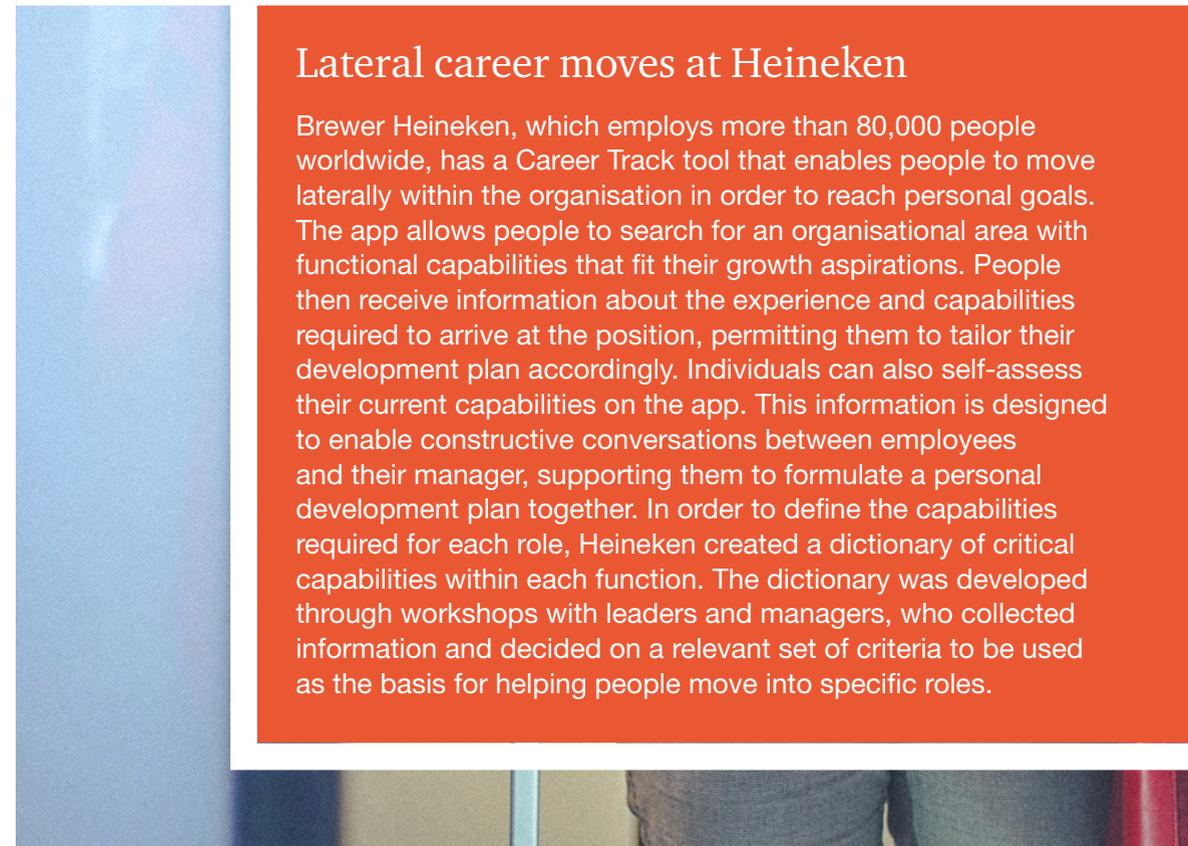
26%

of respondents say it is important to **help workers displaced by technology** – but **don't do it today**



Lateral career moves at Heineken

Brewer Heineken, which employs more than 80,000 people worldwide, has a Career Track tool that enables people to move laterally within the organisation in order to reach personal goals. The app allows people to search for an organisational area with functional capabilities that fit their growth aspirations. People then receive information about the experience and capabilities required to arrive at the position, permitting them to tailor their development plan accordingly. Individuals can also self-assess their current capabilities on the app. This information is designed to enable constructive conversations between employees and their manager, supporting them to formulate a personal development plan together. In order to define the capabilities required for each role, Heineken created a dictionary of critical capabilities within each function. The dictionary was developed through workshops with leaders and managers, who collected information and decided on a relevant set of criteria to be used as the basis for helping people move into specific roles.





4

Support ‘intrapreneurship’

The process of employees innovating within an established organisation is termed ‘intrapreneurship’, and it encourages employees to develop new enterprises and commercially viable ideas within the corporation. Intrapreneurship can meet an organisation’s goal of developing new and disruptive ideas, while also fulfilling individual desires to create and innovate – without workers’ moving on. A majority of young people see themselves working independently at some point rather than being employed within traditional organisational structures.^{52,53} We are seeing a similar trend, with a significant increase in entrepreneurialism, in more mature sections of the workforce.⁵⁴

Technology has fundamentally democratised entrepreneurialism because to be an entrepreneur today, all it takes is an Internet connection and a service to sell. If a person needs investment for small entrepreneurial ventures, he or she can call on crowdfunding platforms. The social acceptance of entrepreneurship has also shifted.⁵⁵ Managing one's own business once was seen as a lesser form of work compared with professions such as medicine, law, and the civil service. This stigma has faded. Close to 80% of people now believe that those running their own business have a high level of respect in society.⁵⁶ This is not simply a case of more people passively admiring the self-employed; it is also a result of more people actively enjoying making, doing and selling.

According to our survey, the organisational capability required to support intrapreneurship is at high risk in organisations globally, with corporations in the Middle East and Western Europe most likely to be at risk. Globally, 77% of respondents rated this capability to be of high or extremely high importance in the future. However, only 56% agreed or strongly agreed that their organisation was taking action on these capabilities today (see Exhibit 5).

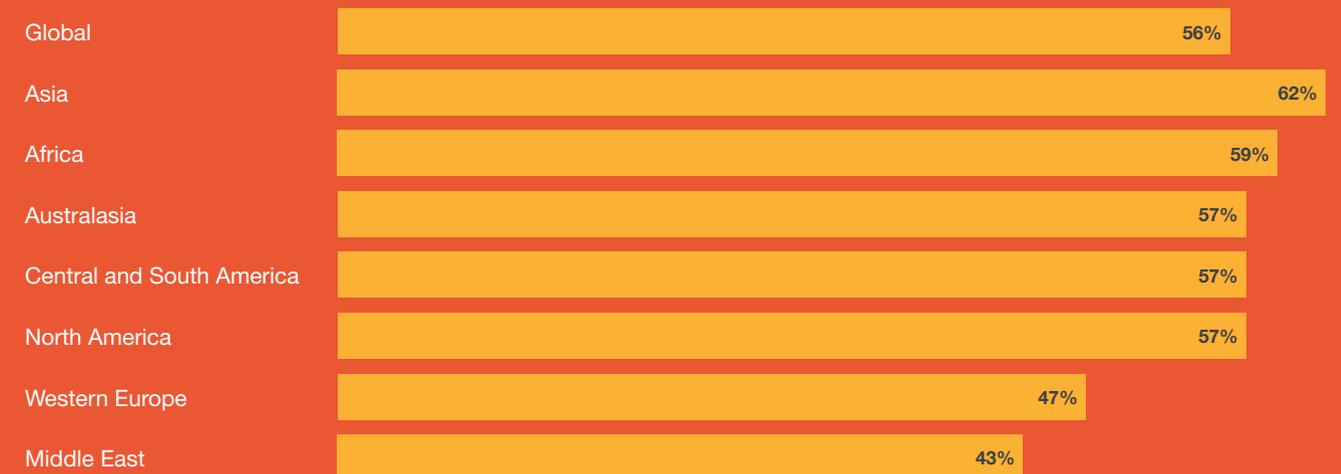
Organisations that fail to create opportunities for intrapreneurship risk losing innovative team members. The evidence: 70% of successful entrepreneurs developed their big idea while working at an established organisation, but left to commercialise it owing to their frustration with the level of organisational rigidity stifling their entrepreneurial flair.⁵⁷ If companies provide opportunities for workers to develop innovative ideas and turn these ideas into businesses, they are more likely to retain the people who can contribute to their long-term success.

Wanted: support for good ideas

Exhibit 5: The percentage of respondents who are taking action to support 'intrapreneurs' by region

Question: To what extent do you agree or disagree with these statements right now? ('Strongly Agree' or 'Agree')

We have avenues present for employees to offer innovative ideas and support them in turning these ideas into action.



Intrapreneur, noun
in-trə-prə-nyūr

an employee who develops
new enterprises or
commercially valuable ideas
within the corporation

The key is to nurture a startup environment within an existing organisational structure that embraces continuous experimentation. Below, we identify three action areas that are crucial for supporting intrapreneurship.

Create psychological safety

Fundamental to supporting intrapreneurship is creating environments in which employees feel encouraged and safe in sharing new and challenging ideas.⁵⁸ These psychologically safe settings produce fewer errors and more innovative ideas. Often, it is the day-to-day behaviour of leaders that determines whether this safety exists in an organisation. Are employees able to challenge authority? Do leaders actively seek ideas from their people? Do leaders act on the ideas put forward by the employees? All these facets contribute to employees feeling confident and able to share their ideas and opinions.

Provide time and avenues for idea generation

Creativity is a function of the quantity of ideas produced. The initial 20 ideas people generate are always significantly less original than their next 15.⁵⁹ However, generating lots of ideas takes time. Employees benefit from having the space, time and opportunity to experiment and try out ideas that may or may not work. Some organisations hold periodic hackathons in which workers present ideas and compete to tackle specific challenges aligned with the company's broader strategy. Employees judged to have the best 'hacks' can earn prizes and recognition.

Reward failures

Rewarding not only successes but also failures will become increasingly crucial so that people feel supported in taking the risks necessary for innovation. For example, Tata Group has introduced awards that recognise attempts to create an innovation even if they failed.⁶⁰ These initiatives normalise failure as an inevitable and useful part of the innovation process, enabling individuals and organisations to learn more about the products they are creating and the markets they serve.

77%

of respondents know they
need to harness their
'intrapreneurs' to win

Mutual Fun at Rite-Solutions

The Mutual Fun platform at Rite-Solutions combines social networking and gamification strategies to create an internal entrepreneurial environment. Mutual Fun operates as a stock market-based game for ideas and resources. An employee begins by creating a personalised profile, allowing that employee to find others with similar interests or complementary strengths to work with on innovative projects. Individuals can then invest their intellectual capital (in the form of a virtual US\$10,000) into the 'idea stocks' of their colleagues. Each idea proposal is created with a starting price of US\$10. Peers can invest in stocks, volunteer their time to move the project forward, and express interest via comments. Algorithms are used to derive each idea's stock value through activity and investments in the idea, while also calculating a leaderboard of players. If the idea reaches the top 20 list of valuable stocks, the company often funds it and volunteer teams are able to move the project forward. Finally, if the project results in company gains (i.e., revenue or cost savings), the creators benefit by receiving a share of the profit.⁶¹



Provide autonomy

In recent years, neuroscience has underlined the multidimensional effect of powerlessness on employees. Feeling disempowered can result in a lack of well-being, thwart motivation and even damage cognition. A move towards a more autonomous and empowered work culture may help employees avoid the consequences of powerlessness.⁶²



Employees who feel they can act with autonomy in their day-to-day work environment tend to have stronger job performance, higher job satisfaction and greater commitment to the organisation.⁶³ Nearly half of employees would give up a 20% raise for greater control over how they work.⁶⁴ This shows the importance of autonomy in attracting and retaining talent and should act as a wake-up call for organisations.

Fundamental to autonomy is an employee's need to have choices and be in control of what they are doing. Companies' failure to provide this may result in workers' 'learned helplessness', a state in which employees stop taking the initiative in the belief that they do not really have control over their circumstances. Though employers understand the importance of autonomy, they are slow to act on it. Organisations in the Middle East and Africa are the least likely to let their people have a say in how they work (see Exhibit 6).

Not enough freedom

Exhibit 6: The percentage of respondents who are taking action to deliver worker autonomy by region

Question: To what extent do you agree or disagree with these statements right now? ('Strongly Agree' or 'Agree')

Our employees have a high degree of autonomy over how they work, e.g., they can influence which projects they work on, which teams they work with and how they structure their workday.



Balance autonomy with accountability

Corporations need to put autonomy into practice with clear expectations and measurable objectives and goals. Gaming software company Valve gives employees moveable desks and encourages them to wheel over and join projects that seem interesting, but if they choose to do so, it also makes them accountable for the results. Employees are given clear expectations when they join a new project team, and complete 360-degree evaluations when projects end, ensuring that individual contributions can be measured.⁶⁵

Foster empowering leadership

Leaders must adopt a mind-set of ‘checking in’ rather than ‘checking up’ on employees. If leaders are constantly monitoring how people achieve their goals, then they are ‘checking up’. This can make people feel that their judgment and skills are not valued; it can also constrain experimentation. These leaders will benefit from asking questions such as, “What do you need to get this project done?” “Is anything getting in your way?” or “What can I do to help out?” In this way, leaders can ‘check in’ with people and be in a much better position to provide employees with the resources and help that they really need.⁶⁶

70%

of companies say creating **worker autonomy** is important for the future

80%

of respondents aspire to performance management that focuses on **task output, not hours worked**



Cultivate transparency

A company has to create transparency so that people have the information they need in order to make the right decisions when working autonomously. A clear understanding of organisational strategy and well-communicated performance indicators help workers understand how they fit in and where they should focus their efforts. Once a week, Google lets employees ask questions directly of the company's top leaders about any number of company issues.⁶⁷ Similarly, some companies, such as Eni gas e luce, an Italian energy supplier, are experimenting with actively involving people in their change management programmes. They know that people more readily adopt what they help to create. This involves fostering complete transparency in where the company is heading and how. People then have the autonomy to share their opinions and raise ideas. In our 21st CEO Survey, 59% of CEOs said they were creating transparency in the people strategy, and 61% said they were creating transparency in employees' contribution to the overall business results.⁶⁸

Make trust the default

Trusting relationships are key to empowerment. Underpinning the notion of trust is the assumption that people are trustworthy until evidence emerges to the contrary. This stands in contrast to many conventional work practices built on the assumption that people need supervision to behave appropriately. A move towards an adult-to-adult trusting environment that allows people choice and freedom by default can enable an empowering and autonomous culture in corporations.

Balancing autonomy and accountability at Spotify

Streaming service Spotify has more than 2,000 employees, all grouped into agile teams, called squads, that are self-organising, cross-functional and colocated. There is no single appointed leader of a squad; any such leadership role is emergent and informal. The key mantra is that "alignment enables autonomy – the greater the alignment, the more autonomy you can grant." That's why the company spends so much time aligning on objectives and goals before launching into work. The leadership model at Spotify reinforces this alignment. A leader's job is to figure out the right problem and communicate it, so that squads can collaborate to find the best solution.⁶⁹

Do what's best for you

Think 'signature processes', not 'industry best practices'

As we have highlighted in this report, there are many innovative approaches to the people experience taking place within organisations around the globe. However, it is not enough to just emulate others. Companies need to embrace unique 'signature processes' that reflect their history and values. The adoption of so-called best practices alone is not enough to beat the competition; they can be imitated by everyone. In contrast, signature processes are idiosyncratic and embedded in the organisation's heritage and values, so competitors are unlikely to gain the same value from emulating them.

Close the gap between rhetoric and reality

An organisation's rhetoric must match the reality. This can be achieved by ensuring that the initiatives aimed at delivering the right people experience are consistently felt across the organisation. Managers need to be coached on how to enact them, and the effective implementation of the initiatives needs to become part of their performance evaluations. Policies and practices can often be derailed if managers lack the incentives, will, skill or knowledge to make them work. Leadership should ensure that the culture and people practices of the organisation are reinforced on a day-to-day basis, because this reinforces the value and importance of these initiatives.

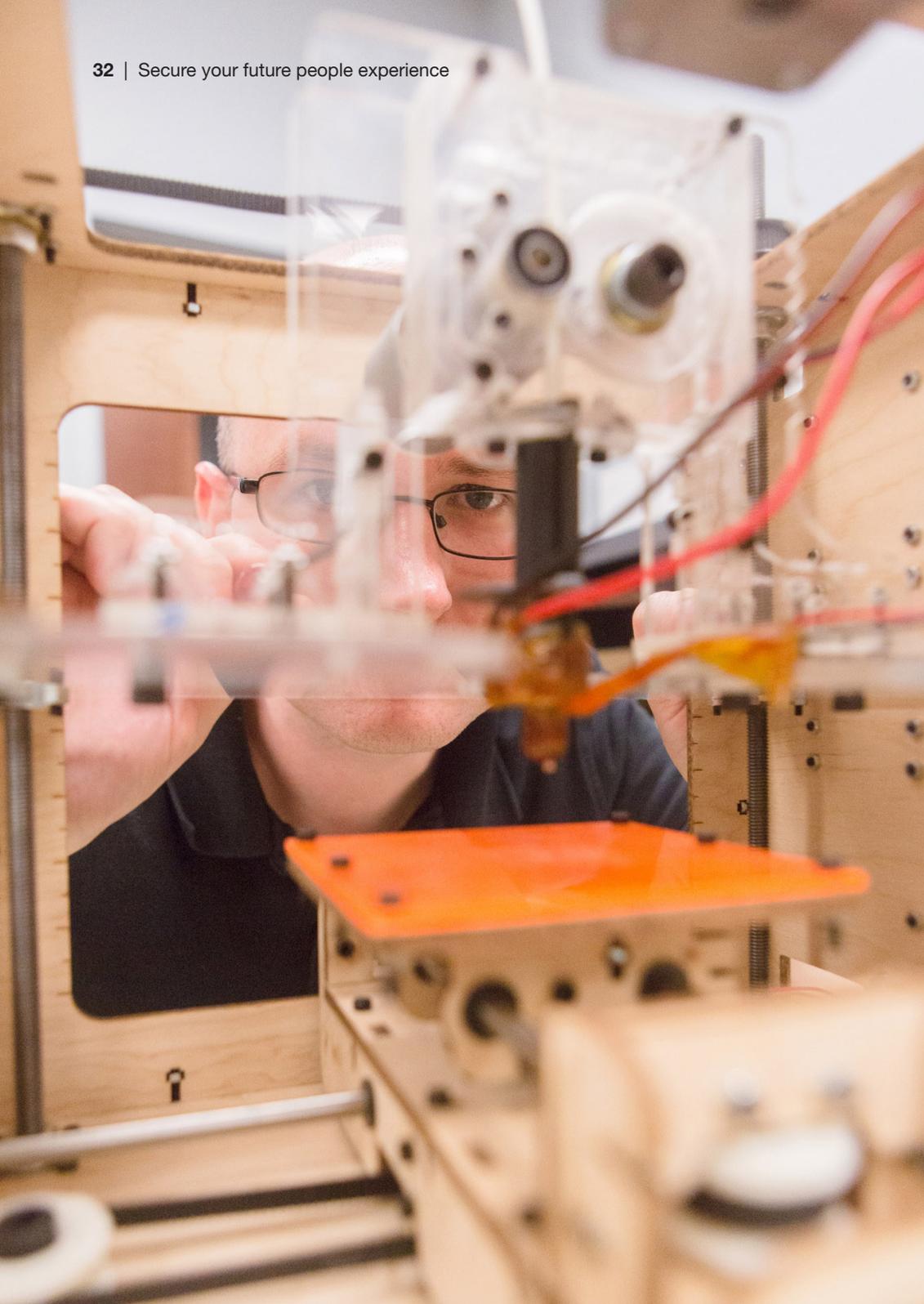
Beware unintended consequences

Organisations must try to anticipate and even test the expectations that they are placing on their employees when they change work parameters. Providing employees with the autonomy to choose when and where they perform work, as discussed earlier, may have the unintended consequence of hampering their vitality and social resilience. Leadership must be mindful of this. Similarly, offsite working can lead to isolation and can intensify a 24/7 'always on' culture as people lengthen their workdays to counter an unspoken assumption among others that not working in the office means working less.

Be ready and able to move

Acting on many of the points raised in this report will require fast experimentation in small segments of the firm as a starting point. Corporations will also need to normalise the concept of acceptable failure, as it is essential in adapting to the future of work. Finally, it will be increasingly important for organisations to challenge current people practices to see if they really are adding value, and act swiftly to stop those that are not. This will ensure that everyone is tightly focused on activities that do, or will, have an impact.





The way forward

A winning people experience is the X factor that turns organisations into magnets for talent, unleashes the full creative potential within their workforce and enables them to embrace disruptive change as an opportunity rather than a threat.

Whether it's morale-sapping upheaval, the threat of social dislocation or some other disruption, a fast-changing world of work can make it more difficult to create and sustain a winning people experience. Yet the shifts can also provide the catalyst for overcoming the stresses and frustrations of the past, and developing an environment that fosters agility, innovation and entrepreneurialism. This is an opportunity not to be missed.

As the case studies in this report highlight, leading organisations recognise the value of their people experience and are taking the initiative rather than simply reacting to change. It is possible to bring together communities of innovators within large enterprises, empowering people to deliver in ways that best suit them. It is possible to turn flexible working from a grudging policy into a differentiating source of energy, engagement and loyalty. And there are ways to help employees see into the future, judge what skills they need and develop the capabilities for sustained employability.

The organisations out in front are in the strongest position to prosper, both now and in the future. Those companies that don't act quickly risk losing prized talent and failing to attract the very people they need to adapt and compete.

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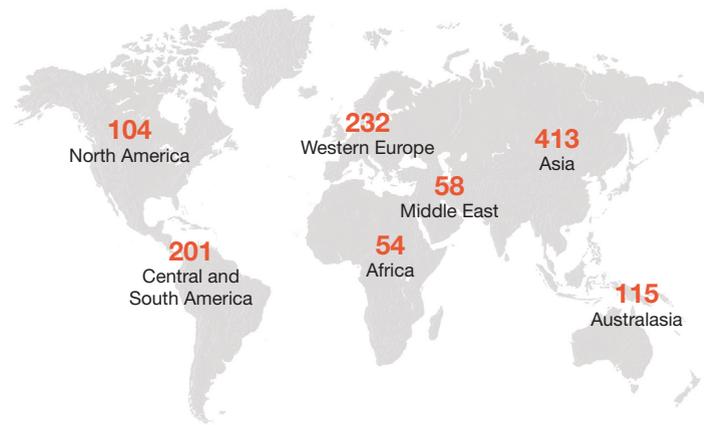
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About our study

We interviewed 1,246 executives in more than 10 industry sectors across 79 countries. Fifty-nine percent of the respondents were HR professionals and 41% were business executives, of which 13% were C-suite-level leaders.

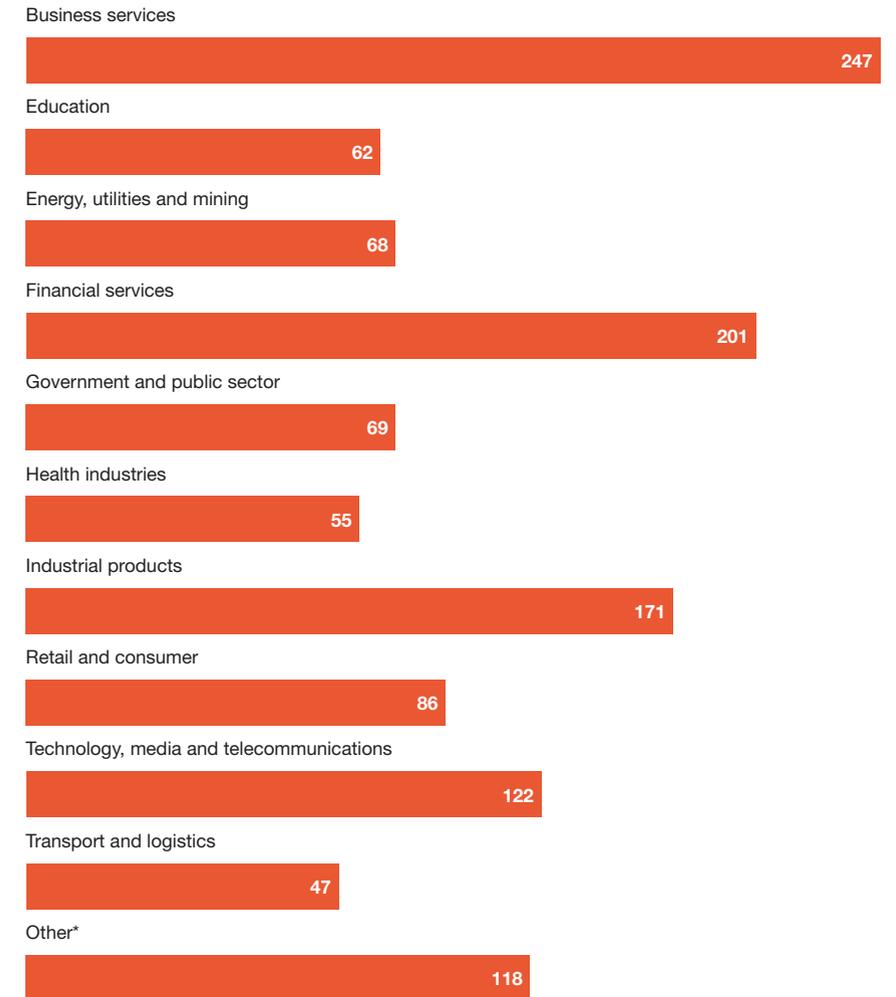
We asked respondents to rate how important 45 specific capabilities are to the future of their business. We also asked them to identify where they are taking action today to develop these capabilities. Their responses enabled us to see the percentage of businesses 'at risk' against each capability – those that are taking no action today in the areas they see as critical for the future.

Regions*



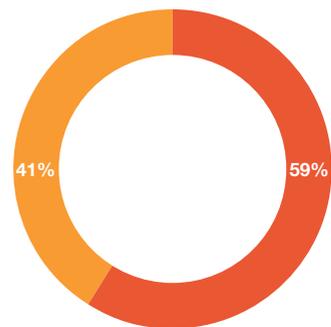
*69 other regions

Industries



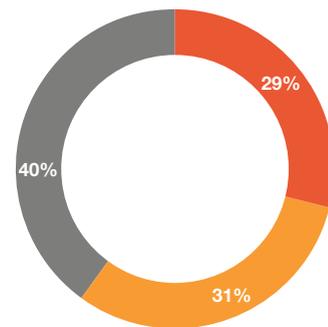
*Includes agriculture, hospitality and leisure, and others

Respondents



■ HR ■ Non HR

Organisation size



■ > 10,000 employees
 ■ 1,000 – 10,000 employees
 ■ < 1,000 employees

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