

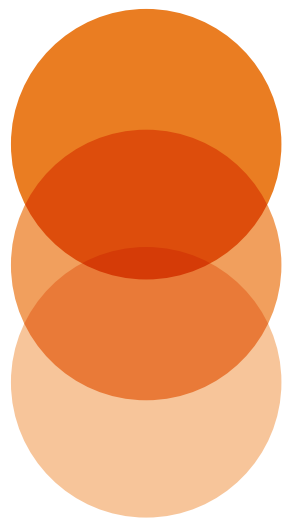
# THE FLUX REPORT

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Building a resilient workforce  
in the face of flux

January 2014





# FOREWORD

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The last five years have seen a period of unprecedented change across the UK and Ireland. The economic fallout from the global recession saw many organisations struggle to centre themselves in this prolonged period of flux, and the effects are still being widely felt. Even now, in a more stable economy, the dials on many organisational compasses are still spinning, their future direction unclear.

This time of upheaval has not only created new ways of working but new conflicts in the workplace where individual intentions and business vision, or lack of, are working against each other. One conflict that is evident across many organisations is that, after years of constant change and doing more with less, the workforce is weary, lacking energy and intent. However, now more than ever, businesses expect their people to be engaged and ready to step up to make the most of the upturn.

Today's workforce also needs to be resilient and able to quickly react to market demands. In response, organisations report that they expect the leadership of the future to be younger, but this expectation is arguably at odds with the inevitability of an ageing workforce.



What's needed in order to overcome these conflicts, boost employee engagement and retain key talent, is a clear corporate vision. It seems though that in many cases, the senior leadership team is more isolated from the wider business than ever before, stuck in survival mode and failing to provide any real direction for the business.

Even now, in a stabilising economy, the outlook for businesses is likely to be characterised by flux, shaped by economic uncertainty, new market opportunities, the rapid pace of technological

change and a multi-generational workforce. To make the most of this, businesses need to evolve their organisational strategies and structures and put their people at the heart of future planning.

Organisations must understand how they can both harness and unleash human potential in an increasingly chaotic world. With strategic workforce planning and a clear corporate vision, rather than fighting against each other, flux and flexibility can go hand-in-hand to create an agile, strategic, and ultimately, resilient business of tomorrow.

**IAN SYMES**, General Manager, UK and Ireland



# EXECUTIVE SUMMARY

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The flux of the last five years has seen organisations in the UK and Ireland enter a new business reality shaped by a period of prolonged volatility and uncertainty. Ongoing recessionary pressures, supply chain disruption, skills shortages and technological advances have forced organisations to re-group and re-strategise. Nowhere has the impact of this change been felt more strongly than at the junction between the business and the people it employs: the HR department. Such organisational flux looks set to be the ‘new norm’ but are organisations ready to thrive in an environment now characterised by change and uncertainty?



98%

of organisations have experienced major organisational change in the last five years

The Flux Report shares the findings and recommendations from a comprehensive research programme amongst HR leaders and line managers in UK and Irish organisations that explores the nature and impact of flux over time. It looks at the past five years and identifies the changes that have affected businesses from redundancies to organisational restructures, and then goes on to highlight the lessons learnt from this tumultuous period and how they have affected business and HR initiatives today.

#### Flux in focus:

- 74% of organisations have undergone restructuring in the last five years, rising to 93% in the public sector
- Just 1 in 4 (24%) line managers see themselves at their organisation in a more senior role in five years’ time, highlighting a likely leadership gap
- Only 13% of HR decision-makers describe their approach to leadership planning as largely proactive
- 46% of HR decision-makers report an increase in employee fatigue and disengagement

The challenges faced by organisations have been great but the Flux Report also looks to the future to highlight how the impact of flux is shaping the workforce of tomorrow. It explores how organisations are making plans for the next five years and explores the role of talent management and leadership development through to employee wellness and engagement programmes in organisations in 2018 and beyond.

#### Summary

The Flux Report finds that the change and uncertainty of recent years, rather than being wholly detrimental to companies, has in fact forced many to focus their energies on what will ultimately drive success in this environment. Whilst there are some regrets and decisions that, in hindsight, may have been different, ultimately the downturn has been the impetus that organisations have needed to more closely align their business and people strategies.

#### Key findings from the research include:

#### The Impact Of Flux

- 98% of organisations have experienced some kind of major organisational change over the last five years – the most common being restructuring (74%), a change in leadership (64%) and downsizing (64%)
- The recent economic uncertainty has resulted in a lack of employee loyalty (46%), worker fatigue (45%) and an increasingly disengaged workforce (44%)
- Almost half of HR decision-makers (46%) think budget cuts were made in the wrong places at the wrong time and 43% think there have been rushed decisions that have had a negative impact on the business
- 40% of organisations have introduced new HR measures in order to respond better to change and upheaval, and significant numbers have taken steps to keep employees engaged and resilient during times of flux – including improved flexible working arrangements (49%), increased internal communications from leadership to maintain morale (42%) and promotions but with minimal pay rises (36%)

## The Leadership Imperative

- Leadership skills (62%) are seen as the most important skills needed for employees in order to drive growth, alongside management skills and resilience
- Organisational changes / flux have actually resulted in the leadership team becoming more detached from the business, according to 22% of HR decision-makers and 32% of line managers
- Most people see the leaders of 2018 being promoted from within the organisation (54%) – 70% see this team as being younger than the current leadership team and 66% see women taking up half of these roles
- 80% of today's line managers agree that they have had to learn more and develop faster to succeed in their role than they did five years ago, but only 43% have a clear idea of how they can progress in the next five years. Only 24% expect to be in more senior roles in the same organisation in the next five years

## Resilience: The R Word

- Resilience is becoming an important employee attribute. In five years' time, 91% of HR decision-makers think it is likely that people will be recruited on their ability to deal with change and uncertainty
- Employees in their thirties are considered best equipped to deal with flux (48%), whilst those in their sixties (31%) and twenties (30%) are considered least equipped to cope
- 72% of line managers think that their organisation could do more to protect them from or help them to manage periods of persistent stress
- Core to increasing organisational resilience is clear business strategy / direction (52%), having plans in place for managing change (30%), and a range of skills and expertise upon which to draw (30%)
- 41% of organisations still regard employee wellness as a perk rather than a necessary investment, but 75% think that in 2018, employee wellness will be something that is formally measured and reported on

## The Role of Strategic Workforce Planning

- Only 13% of HR decision-makers describe their approach to resource planning as largely proactive and strategically aligned, and from a resource planning viewpoint, the majority of organisations say they are only able to plan up to a year ahead (72%)
- The role of HR is evolving – in five years' time, HR is expected to have an increased role in aligning HR strategy to business strategy (65%), enhancing workforce productivity (58%) and retaining valued talent in the organisation (56%) alongside current activities such as performance management, managing absenteeism and recruitment which will still remain
- The biggest workforce planning challenges over the coming five years are seen to be continued economic uncertainty (50%), Government legislation / initiatives (40%), fluctuating customer demand (37%) and increasing automation / technology advances (36%)

## Moving Forward: 2018 and Beyond

- The workforce of 2018 looks set to be fundamentally different from that of 2013 with HR decision-makers seeing a number of scenarios as likely to occur, including more workers opting to work part-time rather than retire (92%), managing an older workforce (88%), individuals maintaining and developing skill sets in multiple simultaneous careers (79%) and more than half of all workers being temporary / on contract or freelance (60%)
- This has an impact on talent management as anticipated tenure is currently a factor in willingness to invest in employee development for 91% of HR decision-makers and 82% of line managers – most only willing to invest if an employee is expected to stay at least a year (72% of HR decision-makers and 59% of line managers)
- From an HR perspective, 84% think that HR analytics will guide how they hire, engage and develop the workforce in 2018, and 74% think that most HR admin tasks will be outsourced in this timeframe

As resilience and agility enter the business lexicon, the time is ripe for workforce transformation – with businesses putting people at the heart of their business plans in good times and bad.

## Companies in Conflict

These are undoubtedly testing times for organisations as the pace of change continues unabated. Our research found that this time of significant organisational change has not only created new ways of working but new conflicts in the workplace as well, where individual intentions and business vision, or lack of, are working against each other.

### Key conflicts include:

- A disengaged and ageing workforce vs. an expectation that the next wave of leaders will be younger and from within the existing ranks
- A leadership trapped in isolation and survival mode vs. a clear need for a visible, engaged leadership which has the vision to drive the company forward
- A weary workforce that lacks energy and intent vs. the need for a workforce that can perform in recovering economic conditions
- Clear expectations of line managers to perform and create the next generation of leaders vs. the absence of support or a clear company vision
- Increased career fragmentation for individuals vs. the need for a clear company strategy

These conflicts and the flux of recent years have created a number of pain points for organisations. Whether in terms of implementing staff cutbacks, identifying and filling skills gaps or managing worker fatigue or disengagement, lessons have been learnt and people strategies are being adapted as a direct result of this volatility. However, there is no doubt that now is a critical time for organisations to stand back and take an honest account of where their business is and the strategies, structures and vision that are needed to drive it forward.

As resilience and agility enter the business lexicon, the time is ripe for workforce transformation – with businesses putting people at the heart of their business plans in good times and bad.

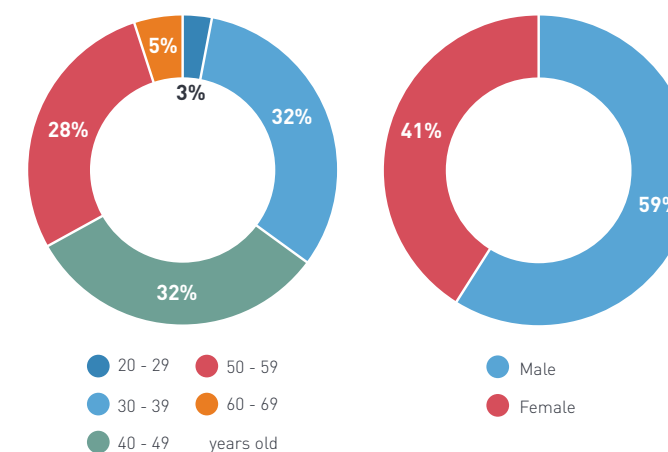


Figure A: HR and line manager sample by age and gender

## Research Methodology

100 interviews with HR decision-makers and 250 interviews with line managers in UK and Irish companies with 500+ employees were conducted during August / September 2013.

Research was conducted by Loudhouse, an independent market research company.

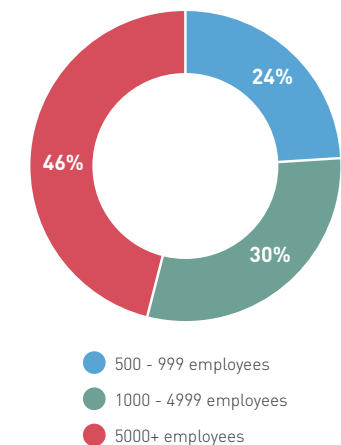


Figure B1: HR and line manager sample by company size

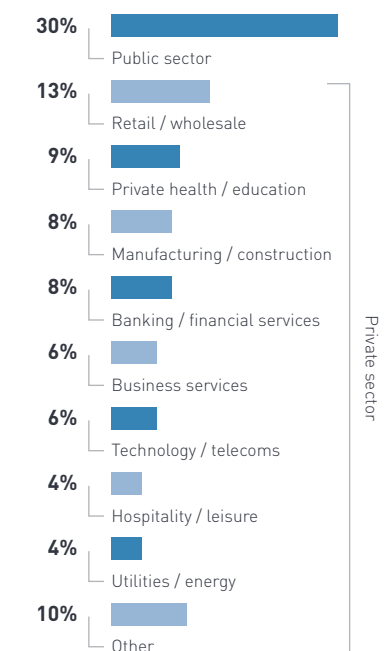


Figure B2: HR and line manager sample by company sector



# Flux and the Future

Counting the cost of five years of change

## Organisational Change



**98%**

of organisations have experienced major organisational change in the last five years



**74%**

have undergone restructuring in the last 5 years rising to **93%** in the public sector



After years of chaos, the dial on many organisational compasses is still spinning and their future direction unknown

## Strategic Workforce Planning



**72%**

of organisations say they are only able to plan up to a year ahead



**46%**

of HR decision-makers think budget cuts were made in the wrong place at the wrong time



**65%**

of HR decision-makers expect to have an increased role in aligning HR strategy to business strategy



**40%**

of organisations have introduced new measures to respond better to change and upheaval



Currently only **13%** of HR decision-makers describe their approach to resource planning as largely proactive and strategically aligned



**42%**

of current line managers would consider working outside the UK to pursue their career



**70%**

of HR decision-makers think that the leadership team of 2018 will be younger than the current leadership



**22%**

of HR managers and **32%** of line managers believe that the leadership team has become more detached from the business



**80%**

of today's line managers agree that they have had to learn more and develop faster to succeed in their role, compared to five years ago



**66%**

think that women will make up half of these roles

Only **1 in 4 (24%)** line managers see themselves in a more senior role with their existing employer in five years' time



## Leadership



**75%**

of organisations think employee wellness will be formally measured and reported on in 2018



**72%**

of line managers think their organisation could do more to protect them during periods of persistent stress



**91%**

of HR decision-makers think that it's likely that people will be recruited on their ability to deal with change and uncertainty



**46%**

of HR decision-makers reported an increase in employee fatigue and disengagement

Employees in their **30s** are considered best equipped to deal with flux



## Resilience



## The Future (in 2018):



**92%**

of HR decision-makers expect more workers will opt to work part-time rather than retire



**79%**

expect individuals to maintain and develop skill sets in simultaneous careers



**60%**

expect more than half of all workers to be temporary, on contract or freelance



**74%**

expect most HR admin tasks to be outsourced by 2018



**84%**

expect HR analytics to guide how they hire, engage and develop the workforce



**46%**

of HRs think that treadmill desks will be commonplace to combat sedentary office life



**53%**

think that frequent sabbaticals will be offered to all employees



The outlook for organisations looks set to be just as chaotic over the next five years. There is no 'reset' button – flux is the future and organisations need to be ready for this

# 01

## THE IMPACT OF FLUX

The uncertainty, volatility and sheer chaos of the first decade of the 2000s was so great that, in its cover story, Time magazine dubbed it “the decade from hell”. Figure 1 shows the scale of organisational change that UK companies have experienced in the last five years. 98% of organisations have experienced some kind of major organisational change in this timeframe – the most common being restructuring (74%), a change in leadership (64%) and downsizing (64%). In the case of restructuring, this has been experienced by almost all public sector organisations (93%).

**74%** of organisations have undergone restructuring in the last five years, rising to 93% in the public sector



**T**his period of flux saw numerous organisations go into survival mode, and as such, many have become reactive rather than proactive. With no clear vision or strategy, the impact of flux on organisations has been profound and felt acutely by the workforce.

According to HR decision-makers, the recent economic uncertainty has resulted in a number of negative outcomes including a lack of employee loyalty (46%), worker fatigue (45%) and an increasingly disengaged workforce (44%). Furthermore, almost half of HR decision-makers (46%) think budget cuts were made in the wrong places at the wrong time and 43% think there have been rushed decisions that have had a negative impact on the business (see Figure 2). Hindsight in this situation can be useful as flux looks set to be the ‘new normal’ for businesses today.

These findings highlight a workforce weary of constant change and a spinning dial on the organisational compass, and the need for a clear vision from the leadership team about where the organisation is going and how they personally fit into that vision.

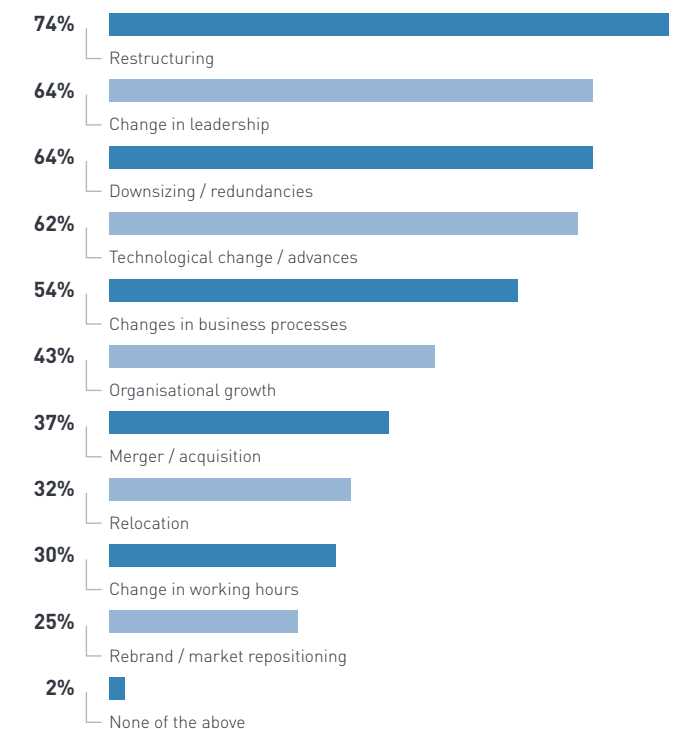


Figure 1: Organisational changes during the last five years



Responding to Change

40% of organisations have introduced new HR measures in order to respond better to change and upheaval, and significant numbers have taken steps to keep employees engaged and resilient during times of flux – including improved flexible working arrangements (49%), increased internal communications from leadership to maintain morale (42%) and promotions but with minimal pay rises (36%). Despite these more positive outcomes from flux, there is still too much short-termism and without proper planning, organisations will remain on the back foot, lack stability and will themselves be in a constant state of flux, even when economic conditions improve. 2014 looks set to be the year that organisations can start to look beyond shorter-term organisational restructuring and towards workplace transformation.

IMPACT OF FLUX: FLEXING FOR THE FUTURE

Moving forward, organisations need to embrace the following approaches in order to better manage the opportunities and challenges posed by ever-changing business demands:

- 1. **Leadership Planning:** Strong leaders will prove vital to navigate an uncertain future, but organisations need to act quickly to identify, retain and develop their future leaders
- 2. **Building Resilience:** In the face of flux, organisations need to build their resilience in order to optimise change activity and avoid it becoming unmanageable, as this can have a negative impact on both individuals and the organisation
- 3. **Strategic Workforce Planning:** Organisations taking stock of business demands now and in the future will ensure that the workforce is being upskilled to deliver on expectations

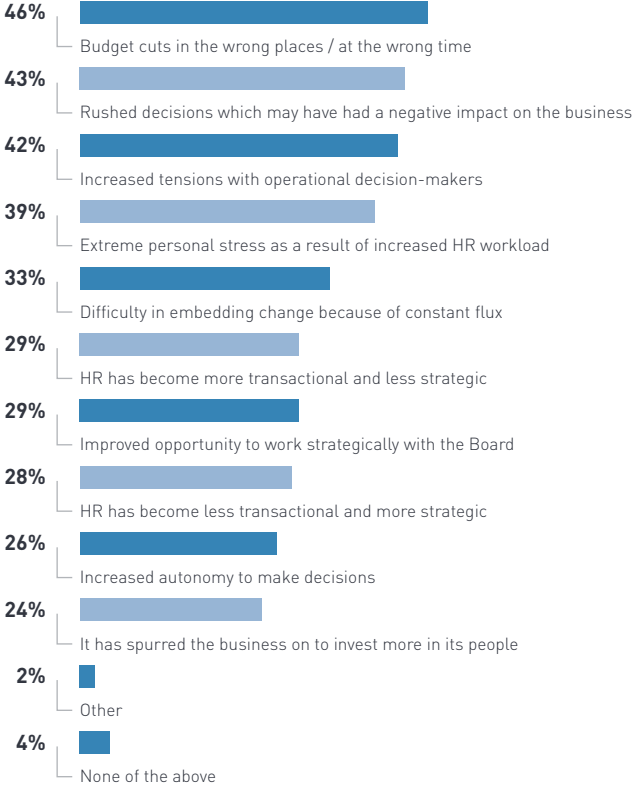


Figure 2: Impact of flux of last five years on workforce management and HR role

Even in improved economic stability, there is no ‘reset’ button. The future is set to be characterised by flux and organisations must embrace capability development in order to be ready for this.





# 02

## THE LEADERSHIP IMPERATIVE

Strong leadership is critical in navigating organisations through permanent white-water. Volatility, in many cases, can be mitigated by vision – a clear statement of where the organisation is headed. Indeed, leadership skills (62%), alongside management skills (62%), emerge as the most important skills that HR decision-makers think need to be developed in employees to drive growth over the next five years (Figure 3). Leadership skills are in particular demand in public sector organisations (74%), compared with the private sector (58%).

24%

Just one in four line managers see themselves in a more senior role in their current organisation in five years' time



Yet, there is a mismatch when we explore the attitudes of line managers and potential leaders of tomorrow. In some cases, organisational changes and flux have actually resulted in the leadership team becoming more detached from the business according to 22% of HR decision-makers and 32% of line managers. At a time when strong leadership is most needed, it is found to be lacking.

As shown in Figure 4 (overleaf), HR decision-makers see the leaders of 2018 being promoted from within the organisation (54%) and interestingly, 70% see this team as being younger than the current leadership team and 66% see women taking up half of these roles. In contrast to this, only 24% of line managers see themselves in more senior roles with their existing employer in five years' time, suggesting that they do not see themselves in the company vision and that stronger engagement and career management are sorely needed.

Line managers are clearly feeling the pressure of organisational flux. They are expected to motivate and lead their own teams but are often left without clear direction or support themselves. And all of this in a fast-paced environment. 80% of today's line managers agree that they have had to learn more and develop faster to succeed in their role than they did five years ago, but only 43% have a clear idea of how they can progress in the next five years.

With strong leadership being the make or break factor for organisations in times of flux, it is clear that there are some real challenges facing UK organisations in terms of leadership development and succession planning. Specifically, organisations now need to prioritise leadership capability development – both identifying core roles and developing high potential individuals within a clear framework for success.

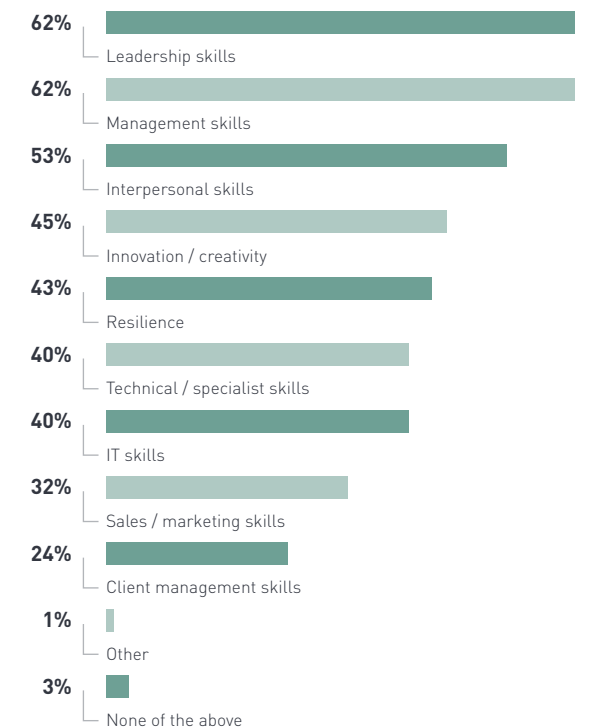


Figure 3: Most important skills to develop in employees to drive growth over the next five years



## CASE STUDY

### Phoenix Group

"We've been a company that has acquired lots of businesses over the last few years, so we've not had a stable environment to really support our senior management team. We wanted to demonstrate to our senior managers that we are interested in their own development, and we wanted to create and focus on a high potential group of people for a leadership succession pipeline.

"Whatever business scenario we were going to come out with after the process, it was essential that people felt that they could have a level playing field in order to demonstrate their ability, their potential, and also to see if there was an opportunity for them to say that they didn't want to enter into the succession pipeline.

"For those on the succession plan, it's become clear that, as a result of this process, they are a lot clearer on what to do and how to behave in order to get promoted."

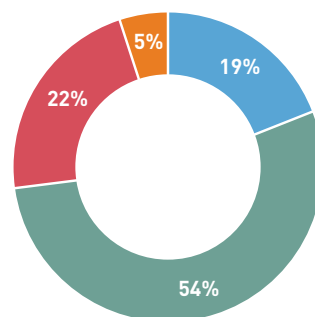
ALAN JONES – Group HR Director, Phoenix Group

"There have been a few surprises as we've gone through the programme, we've had a number of individuals who we always thought of as highly competent in their sphere of technical competence, but as they've gone through the programme, we've appreciated the broader skills that they bring, and we're thinking of them in a completely different light."

MIKE MERRICK – Chief Executive, Phoenix Life

80%

of today's line managers agree that they have had to learn more and develop faster to succeed in their role than they did five years ago



- They will be the same people as they are today
- They will be different people – mostly developed internally / promoted from within
- They will be different people – mostly recruited from outside the organisation
- Unsure – we don't have a clear leadership / succession planning strategy

Figure 4: Where leaders of the organisation in five years' time will come from

43%

of these line managers have a clear idea of how they can progress in the next five years

There is clear pressure on line managers to develop the skills they need to be future leaders but less than half have a clear idea of how they can progress in their organisation.

## CASE STUDY

### North East Ambulance Service NHS Foundation Trust

"As an organisation, we asked Right Management to support us in developing behavioural competencies for our leaders and managers, which will underpin our values and embed a culture of openness, patient focus and innovation and the delivery of compassionate care. They worked with us to deliver a series of development workshops which were designed to support NEAS staff and ensure they have the appropriate leadership skills and behaviours to provide a quality service to patients within the North East."

SUSAN RICHARDSON – Head of Workforce Development, North East Ambulance Service, NHS Foundation Trust

## THE LEADERSHIP IMPERATIVE: FLEXING FOR THE FUTURE

- 1. Career Development:** With many line managers unable to answer the question of 'what's in it for me?', companies must create a clearer link between the ambitions of the organisation and the career paths within that vision. With more employees expecting the future leaders of their organisation to come from within, it's important that organisations recognise that their next leaders could evolve from a wide variety of backgrounds, experience and job functions.
- 2. Talent Management:** To identify the future workforce, and business leaders in particular, organisations need to assess their people through regular talent audits and reviews, then map this capability onto the roles of the future. In doing so, business leaders can identify strengths and gaps and craft meaningful operational and leadership development strategies that will both engage and develop high potential individuals.
- 3. Accelerating Leader Development:** Once potential leaders have been identified, leadership coaching can help move those individuals into positions of greater responsibility with maximum efficiency. In a business environment where strategy can quickly change, coaching must involve multiple stakeholders that can support that individual and provide a number of perspectives and dimensions while keeping an eye on the ultimate strategic goals of the organisation.

# 03

## RESILIENCE: THE R WORD

With 45% of HR decision-makers reporting an increase in worker fatigue, alongside increasing disengagement (44%), it is not surprising that resilience is creeping up the organisational agenda. At a time when businesses need more from their staff, they are in fact getting less. Fewer resources mean that staff are working longer hours but they are exhausted, inefficient and disengaged. As such, in five years' time 91% of HR decision-makers think it is likely that people will be recruited on their ability to deal with change and uncertainty and there is no doubt that new skills are required – with businesses and individuals needing the mind-set and skills to be able to change direction quickly.

**46%** of HR directors report an increase in employee fatigue and disengagement

Figures 5A and 5B show that there are considered to be differences in the perceived ability of different age groups to deal with flux, with employees in their thirties considered best equipped to deal with flux (48%) whilst those in their sixties (31%) and twenties (30%) are considered least equipped to cope. As multi-generational workforces continue to emerge and HR decision-makers see more difficulty in managing an older workforce (88%) whilst forecasting a younger leadership team (70%), there are evident challenges in how organisations build resilience against the backdrop of an ageing workforce.

Whilst the need for more resilience is evident – for example, 72% of line managers state that their organisation could do more to protect them from or help them to manage periods of persistent stress – this is not tackling the heart of the issue. Being proactive and planning ahead can relieve these pressures and make resilience a positive organisational approach rather than a defensive measure. Core to increasing organisational resilience is clear business strategy / direction (52%), having plans in place for managing change (30%), and a range of skills and expertise upon which to draw (30%), as shown in Figure 6.

Wellbeing appears to be misunderstood by some, as 41% of organisations currently regard employee wellness activity as a perk rather than a necessary investment. In 2018 however, 75% think employee wellness will be something that is formally measured and reported on. Organisations cannot afford unfit, unwell and unproductive people. Rather than an employee perk, wellbeing and resilience measures must be recognised as a necessary business investment.

It's also important that organisations recognise that resilience is not just about wellbeing but also about helping organisations and individuals manage careers. The chaos of the last five years has underpinned the notion that careers are becoming increasingly fragmented. Previously well-trodden career paths have now been replaced by a number of possible routes and career agility

is taking its turn in the spotlight. To move the business forward, organisations must be ready to re-direct talent so they can rapidly respond to market opportunities. This will require strategic thinking and new structures to support employees in their new direction, but will prove vital in creating a resilient organisation.

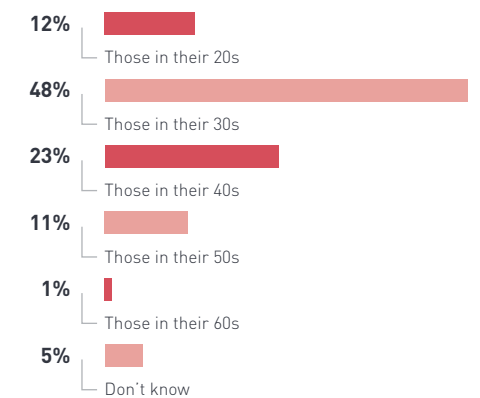


Figure 5A: Age groups best equipped to deal with flux

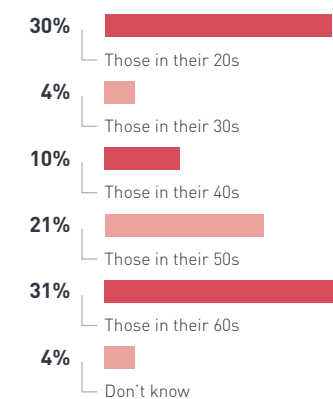


Figure 5B: Age groups least equipped to deal with flux



1.1 M

working people were suffering from a work-related illness

27 M

working days were lost due to work-related illness and workplace injury, including stress

10.4 M

working days lost to stress

- Highest rates are in managerial and professional occupations
- Higher rates for workers aged 35 to 54
- Higher rates for women than men

Health & Safety Executive Statistics 2011/12 – in the UK

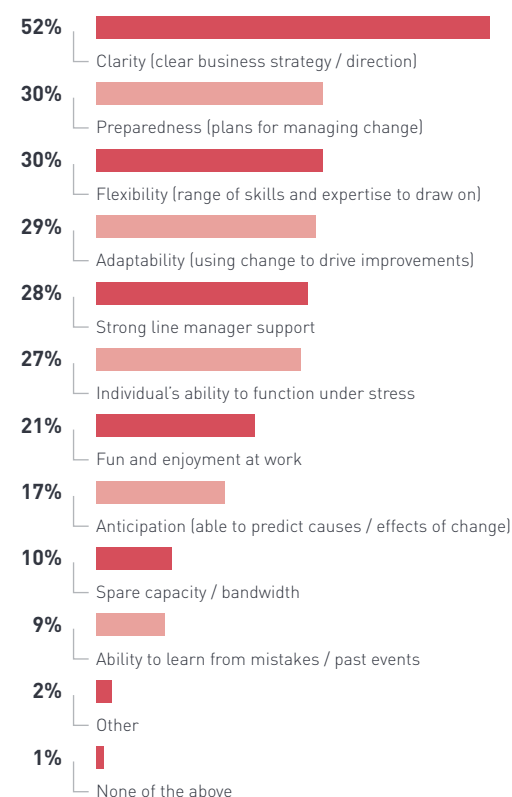


Figure 6: Factors important in increasing organisational resilience (ability to plan for / adapt to change or disruption)

#### CASE STUDY

### London Probation Trust

"We recognised that a new partnership between London Probation Trust (LPT) and a private sector company would cause a challenging time for managers and staff alike, and that there might be a negative impact on contract delivery. Right Management's LPT Employee Assistance and Change Management programmes helped staff on a personal level to prepare emotionally for the scale of change they were experiencing through workshops and one to one sessions. These sessions ensured that during the service transfer, the Community Payback service was delivered without a decline in performance, or an increase in sickness or absence. The unions NAPO and UNISON were supportive of the programme and recognised that the staff benefited from it on an individual basis."

Transfer of Undertakings (Protection of Employment) (TUPE) Lead

**Stress:** *n.* A lack of resources and or capability for doing what is required of you.

(Source: European Union)

GDP growth is dependent on having fit, well and productive people. A clear vision, plans for managing change, flexibility and adaptability are all essential ingredients for organisations to manage flux and to help close the gap between strategic objectives and workforce planning.

#### RESILIENCE: FLEXING FOR THE FUTURE

- 1. Increase Change Readiness / Capacity:** Businesses need to recognise that an employee's needs and priorities change over time and that people deal with change in different ways at different times in their life. With an ageing workforce, organisations need to pay particular attention to how they engage with older workers and help them adapt to ever changing business needs. Initiatives such as mentoring schemes can help to link older workers back into the business in a meaningful way while preparing high potential individuals for their next step.
- 2. Employee Engagement:** Employee engagement is a key driver of organisational effectiveness and workforce performance but it can only be effective if the levels of engagement are identified and measured against a clear benchmark. Similarly, organisations can measure the wellness of their workforce by quantifying the collective wellbeing and engagement of employees and correlating the findings to key indices of productivity in the workplace. This allows leaders to make accurate and informed decisions about the kind of interventions which are most likely to lead to increases in productivity and other organisational performance measures.
- 3. Wellbeing Programmes:** Early intervention matters – organisations that spend more time promoting wellbeing and resilience will see an upturn in performance, engagement and productivity. Using specific data gathering and measurement throughout the year, it's possible to measure the impact of Employee Assistance Programmes. In fact, when done well, wellbeing programmes can see an 80% improvement in performance. Organisations that make a commitment to employee wellbeing can also expect a similar intangible return in areas such as psychological contract, improved sense of wellbeing, resilience and enhanced positive regard for the employer.

# 04

## THE NEED FOR STRATEGIC WORKFORCE PLANNING

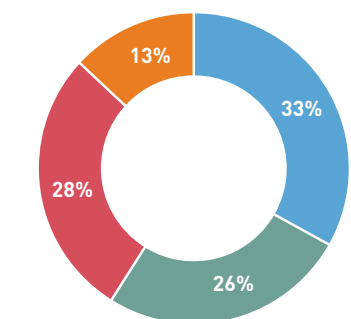
The last decade from an HR perspective has been widely characterised as a ‘war for talent’. This approach needs refreshing as the flux of recent years means that the focus now needs to be on ensuring existing workforces are engaged, upskilled, motivated and bought into the organisation vision.

**13%** of HR decision-makers describe their approach to resource planning as largely proactive



Currently, only 13% of HR decision-makers describe their approach to resource planning as largely proactive and strategically aligned (Figure 7), and from a resource planning viewpoint, the majority of organisations say they are only able to plan up to a year ahead (72%). It appears that having been caught up in flux, businesses have lost the ability to plan ahead and prioritise what needs to be done to move things forward.

HR has in recent years been something of an afterthought, reacting to problems rather than planning ahead. As a result, there are now a number of holes in the workforce that need closing and businesses must act now or they will continue to be reactive when they need a proactive strategy. The role of HR does seem to be evolving though. In five years’ time, HR is expected to have an increased role in aligning HR strategy to business strategy (65%), enhancing workforce productivity (58%) and retaining valued talent in the organisation (56%) alongside current activities such as performance management, managing absenteeism and recruitment which will still remain.



- Largely reactive and budget driven
- Pragmatic, dependent on current situation and available resources
- Intended to be proactive and strategically aligned, but in reality ends up being reactive and budget driven
- Largely proactive and strategically aligned

Figure 7: Current approach to resource planning



The biggest workforce planning challenges over the coming five years are seen to be continued economic uncertainty (50%), Government legislation / initiatives (40%), fluctuating customer demand (37%) and increasing automation / technology advances (36%) as shown in Figure 8. The flux of recent years shows no sign of abating and HR decision-makers find themselves in the driving seat for workforce transformation. In order to achieve this, however, they need to hold a mirror up to their organisations and take an honest account of the capabilities the organisation has, what they need and what is missing, putting capability development and career management at the heart of their activities.

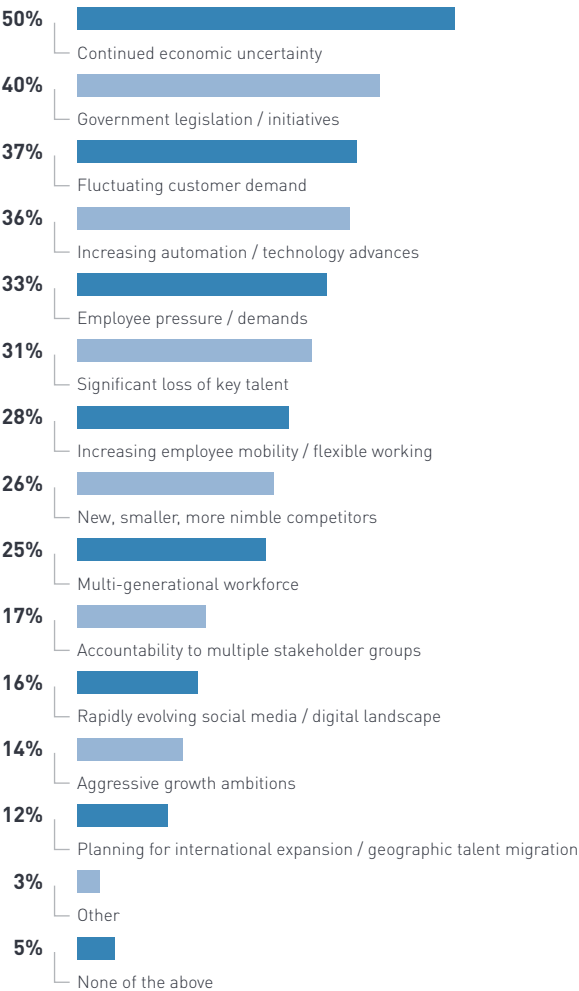


Figure 8: Biggest workforce planning management challenges over the coming five years

### CASE STUDY

## Dairy Crest

“Development of career maps across the different business functions is an essential piece in the corporate jigsaw of creating individual motivation plans. It provides a long-term career planning framework that enables a ‘bigger picture’ discussion between individuals and their line managers. This can help to bridge the gap between individuals’ career aspirations and their short to medium term development plan, supported by annual objectives, functional competencies and job descriptions.

“Right Management have skillfully and patiently steered the career map development process in our organisation by liaising with various stakeholders in the organisation and giving guidance to the steering group. They have delivered a clear and simple to use marketing career map which spans the marketing, research and new product development teams and links to other department maps to give a holistic view of potential career routes.”

Director of Dairies Brand Marketing

“ In a constantly changing environment, new skills are increasingly required. To succeed, businesses and individuals need the mind-set and skills to be able to change direction quickly. ”

## STRATEGIC WORKFORCE PLANNING: FLEXING FOR THE FUTURE

In the struggle to survive, many organisations have lost the ability to prioritise the building blocks of change and recognise what makes a worthy HR investment altogether. Now is the time to take stock of your workforce to enable future capability planning and to realign HR strategy with business objectives.

### Develop a Workforce Strategy:

1. Engage senior leaders and understand the business context for change
2. Review external workforce data relevant to your strategic challenges
3. Gather the data relating to current workforce challenges and the strategic choices being faced, then align with the organisational strategies
4. Analyse the results and share initial findings with the leadership team
5. Develop and implement an Action Plan that is tailored and will drive accountability for execution and results in the organisation

Organisations need to consider not only workforce planning, but workforce transformation, to incorporate behavioural change and change the mind-set from business survival to business opportunity.





# 05

## MOVING FORWARD: 2018 AND BEYOND

The last five years have been a time of unprecedented change for organisations in both the public and private sectors as they have grappled with economic uncertainty, undergone restructuring and faced changes in market direction or leadership. The operating environment for UK and Irish organisations looks set to be just as chaotic over the next five years, with flux establishing itself as the 'new normal'.

84%

think that HR analytics will guide how they hire, engage and develop the workforce in 2018



**A**gility and strategic thinking will define HR departments moving forward. A key challenge, but also opportunity, for businesses will be to recognise that the way individuals view their career is changing. The notion of a traditional career path is becoming outdated, as is the prospect of a job for life. Today, a career path is less 'path' and more 'crazy paving' as individuals seek lateral movements in the business that will expand their skill set, expose them to new ways of working and better support their work-life balance. This may be a break from the norm but it's this kind of agility that will enable organisations and individuals to be able to quickly react to market opportunities.

Speed and quick thinking is what will define HR departments moving forward and enable them to focus on strategic decision-making based on sound data and analytics.

From an HR perspective, 84% think that HR analytics will guide how they hire, engage and develop the workforce in 2018, and 74% think that most HR admin tasks will be outsourced in this timeframe. These findings are encouraging as they point to a more strategic and insight-led focus for HR.

Increasingly, temporary workforces and more part-time workers will have significant implications for talent management practices. As Figure 9 shows, anticipated tenure is a factor in the decision to invest in training and development for 91% of organisations. Indeed, almost half of organisations (42%) are reluctant to invest in training / development unless an employee is considered likely to stay with the business for at least a year.

Whilst it is an accepted norm that people move jobs to get more experience and more reward, this churn will be accelerated if people do not see the potential in their organisation and do not feel 'invested in'. This mind-set will only create further flux for both individuals and the wider workforce.

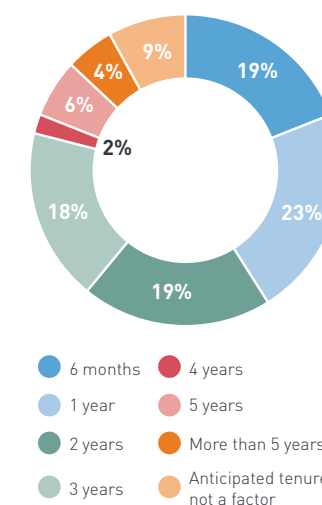


Figure 9: Impact of anticipated tenure on willingness to invest in training / development



Over the next five years, HR decision-makers forecast a number of changes to their workforce – all of which serve to highlight the importance of strategic workforce planning moving forward. As Figure 10 shows, the workforce of 2018 looks set to be fundamentally different from that of 2013 with HR decision-makers seeing a number of scenarios as likely to occur, including more workers opting to work part-time rather than retire (92%), difficulty managing an ageing workforce (88%), individuals maintaining and developing skill sets in multiple simultaneous careers (79%) and more than half of all workers being temporary, contract or freelancers (60%).

Specifically, the findings point to a need to address the challenges that an ageing and multi-generational workforce presents, encompassing succession planning, building resilience at either end of the age spectrum and moving capability development and career management up the agenda.

CASE STUDY

Associated  
British Foods

“We recognised that excellent career development could provide competitive advantage, motivate and retain talented executives and help the Associated British Foods Group to achieve its growth goals. Right Management worked closely with us to design a series of bespoke workshops to encourage honest and productive conversations about career aspirations and potential. Early signs indicate that the work has had a considerable impact on executive career planning across the Group and we will continue to monitor and develop its success over the months and years to come.”

ANNIE McCALLUM  
Executive Career Development

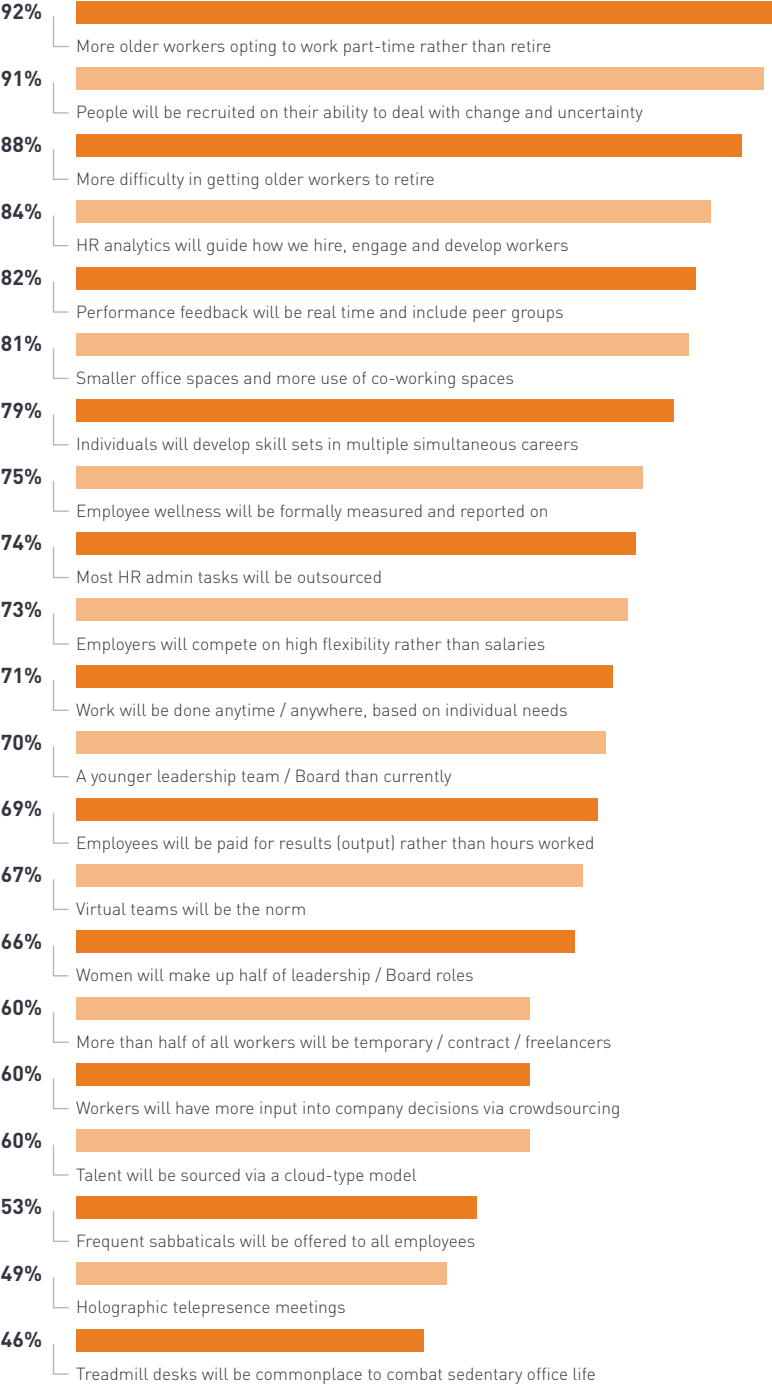


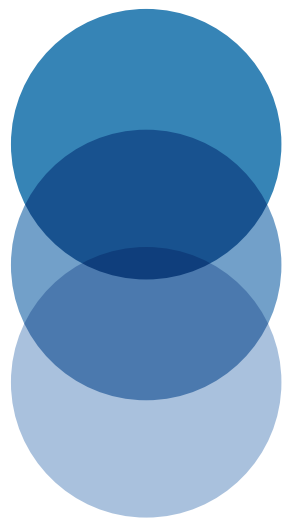
Figure 10: Likely scenarios in 2018 from an HR perspective

MOVING FORWARD, 2018 AND BEYOND: FLEXING FOR THE FUTURE

- 1. **Career Development:** Offering employees career development opportunities not only builds skills and capacities that help achieve organisational goals, but also addresses the motivators driving employees to put their skills and capacities to optimal use.
- 2. **Talent Development:** To build a sustainable talent pipeline, organisations need to focus less on the war for talent and more on the people that are already in the business. There's a feeling that 'new' can't be upskilled within the existing workforce but this can be achieved through creating a culture of talent development which encompasses hiring 'teachable fits' and ongoing employee development. By holding on to quality talent, developing them and making them feel valued, companies can see as much as an eight-fold improvement in their workforce's discretionary efforts, creating benefits for individuals and the bottom-line.







# CONCLUSION

The Flux Report has identified that many organisations are fighting to restructure 'burning' platforms, reacting to problems rather than planning ahead. With ongoing workforce management challenges, this approach is proving unsustainable and organisations are now paying the price with disempowered, disengaged workers.



Organisations have typically responded to flux in a reactive manner, making short-term changes rather than clarifying and effectively communicating their vision to employees. As a result, employees have been left feeling weary and disengaged as the organisational compass spins in a seemingly random manner. HR, indeed, acknowledges that some decisions were rushed and misjudged. Leadership emerges as a particular pain point for organisations.

Whilst HR recognises that leadership is core to navigating a path through change and uncertainty and ultimately driving growth, the flux of recent years has left line managers, in particular, feeling disconnected from the leadership of the business and unconvinced of their future role within the organisation. In this environment, a focus on capability development and career management is essential if organisations are to be able to succession plan effectively and engage the leaders of tomorrow now.

Resilience is emerging as a requirement from future employees, and whilst this is an attribute that is certainly important, organisations must be wary of putting the onus on employees to develop resilience rather than evaluating and addressing their organisational resilience. Clarity in terms of company vision, flexibility and being ready for change are vital components in building organisational effectiveness and closing the gap between strategic objectives and workforce planning.

The next five years are a critical time for organisations to embrace workforce transformation. Multi-generational workforces, technological advances, contingent workers, co-working spaces and changing definitions of flexible working are just a few of the shifts expected in the working landscape by 2018. All of these changes require organisations to put people at the heart of their business and in order to do this, they must have an HR department that is clearly aligned to the business vision and can strategically plan the future workforce around the needs of the business.

If businesses can get this right, rather than fighting to restructure 'burning platforms', they can focus their efforts on the journey ahead, building a healthy, engaged and sustainable workforce that can take their business forward in a future characterised by flux.

**In the changing world of work, the one constant is the need for an exceptional workforce.**

(Dr. Deborah Schroeder-Saulnier)





Right Management is the global leader in talent and career management workforce solutions. As the workforce experts within ManpowerGroup, we design and deliver solutions to align talent strategy and business strategy. Our expertise spans Employee Engagement, Workforce Transition and Outplacement, Talent Assessment, Leader Development, Organisational Effectiveness and Employee Wellbeing.

[www.rightmanagement.co.uk](http://www.rightmanagement.co.uk)