The rise of Relatable Organizations & Working without Jobs

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The reset brought about by Covid-19

	A pivot to resilience, flexibility and agility from an exclusive focus on growth, efficiency and return

- A portfolio-based approach to work (automation, gig talent, outsourcing, etc.)

- Agility in flowing talent to work (beyond the frictional cost of jobs)

- Increased decision making from the edges to enable agility

- Greater collaboration between companies to mitigate risk and fund innovation

- The pivot to Web 3.0 and the Metaverse

The great dichotomy

For workers
a quest for certainty and stability

For companies
the promise of continued relevance and clarity

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Source: Ravin Jesuthasan

The old model of work, working and the workplace is no longer fit for purpose

Over 1 in 2 employees say they work for more than just money

Organisational trust is up, paving the way for a **different way** of doing things

82% of employees trust their company to do the **right thing** for society

Leading organisations are coming off mute on what they believe in and taking on the values of their people

They are entering into **genuine dialogue** with their people to design and **co-create** the future of work

33% of executives are building more **human-centric** organisations

Welcome the rise of the **Relatable Organisation**

Workforce challenges weigh heavy on executives' minds this year

96% feel they are in an employee-centric labor market

63% worry about hiring the right talent at the right price at the right pace

56% worry about lower **engagement among certain populations**

66% are facing a labor shortage crises

Executives see their organization impacted by:

Digital exhaustion
88%

Absenteeism
87%

Loss of talent
89%

How have the events of 2020/2021 shaped Executives views on where they will invest/retreat if faced with another economic downturn?

■ Increase investment

Reduce operational costs; freeze expenses	38%
Increase strategic partnerships	36%
Increase our use of AI and automation	34%
Reduce travel and/or mobility assignments	33%
Accelerate the reskilling of talent	32%
Increase our use of a variable staffing model	29%
Reduce bonus pools	27%
Reduce headcount	26%
Change our business/product mix	25%
Pull back on digital transformation	23%
Increase our M&A activity	23%
Pull back on learning and development/reskilling initiatives	22%
Outsource our investment responsibilities	22%
Reduce investments in health, risk protection, and well-being	22%
None of the above	2%

How aligned are HR and business?

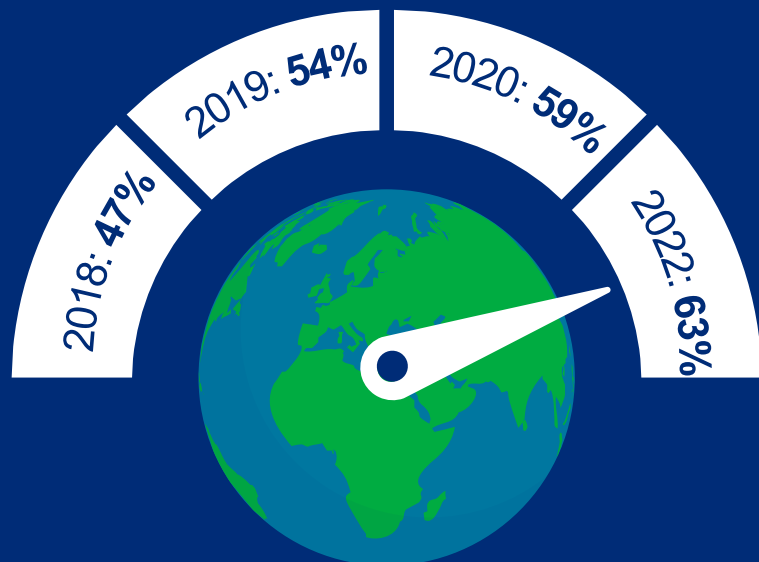| Ranking	HR priorities for 2022 (%)		C-Suite's top initiatives for ROI (%)	Ranking
1	Improving our workforce planning to better inform buy/ build/ borrow talent strategies	39 — 36	Investing in workforce upskilling/reskilling	1
2	Designing talent processes around skills (hiring, learning, succession)	37 — 33	Delivering on total well-being strategies (mental, social, physical, financial)	2
3	Improving our Total Reward packages	37 — 31	Designing talent processes around skills (hiring, learning, succession)	3
4	Addressing pay, gender and other equity gaps	37 — 31	Evolving our flexible working culture	4
5	Rethinking compensation plans	36 — 31	Improving our workforce planning to better inform buy/ build/borrow talent strategies	5
6	Investing in workforce upskilling/reskilling	36 — 30	Delivering on new work standards (e.g., living wage, gig/supply chain worker protection, etc.)	6
7	Delivering on total well-being strategies (mental, social, physical, financial)	36 — 30	Redesigning work to improve agility	7
8	Evolving our flexible working culture	36 — 29	Implementing job automation	8
9	Redesigning HR operations	36 — 27	Improving our Total Reward Packages	9
10	Putting sustainability/ ESG at the heart of our transformation agenda	35 — 27	Rethinking compensation plans	10

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A collective sense of optimism mask a myriad of different experiences across genders, generations and geographies

Trust in companies to do the right thing for society is up:

66%
in 2020

82%
in 2022

And the number of employees who say they are thriving has increased:

2018: 47%
2019: 54%
2020: 59%
2022: 63%

Which employees feel they are thriving today?

Gender	
Male	67%
Female	58%

Generation	
Gen Z (16–24)	51%
Gen Y (25–39)	67%
Gen X (40–55)	62%
Baby Boomers (56-74)	49%

Current work location	
Remote	69%
Hybrid	67%
Onsite	47%

Industries	
Automotive	56%
Chemicals	76%
Construction	70%
Consumer goods	57%
Energy	72%
Financial services	74%
Healthcare	55%
Insurance	71%
Life sciences	82%
Manufacturing	65%
Professional services	58%
Retail	55%
Technology	73%

Region	
North America	70%
Latin America	58%
Europe	56%
Middle East	69%
Asia	66%
Pacific	69%
South Africa	56%

- *Thriving employees:* Thriving is defined as prospering in terms of health, wealth and career.

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reset for **relevance**

Build resilience by leading with values and an adaptive design
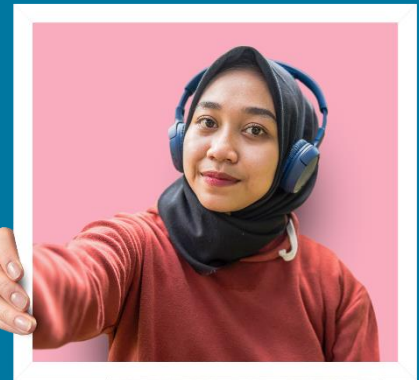
work in **partnership**

Create equitable, transparent and rewarding partnerships

deliver on **total well-being**
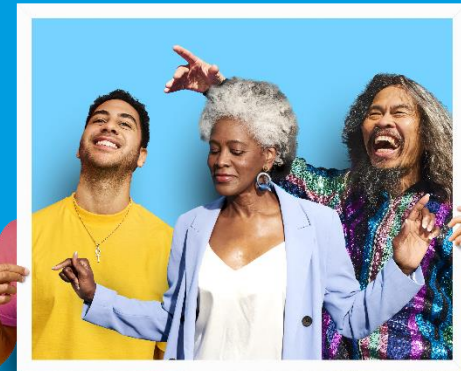
Nurture a healthy workforce with benefits that matter

build for **employability**

Meet future work needs with a skills-based organization

harness **collective energy**

Unlock potential with human-centered work environments

The Great Reset

## The two most pivotal questions for us

1 How will we redesign work to enable talent to flow to it as seamlessly as possible while enabling its perpetual reinvention

2 How will we re-envision the talent experience to meet all talent where they are and on their terms?

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Source: Ravin Jesuthasan

The shifting "job to work" relationship

Work is reconfigured with a new talent supply and demand equation

| Supporting technology | person ⟷ job | | skills ⟹ work | AI & automation |
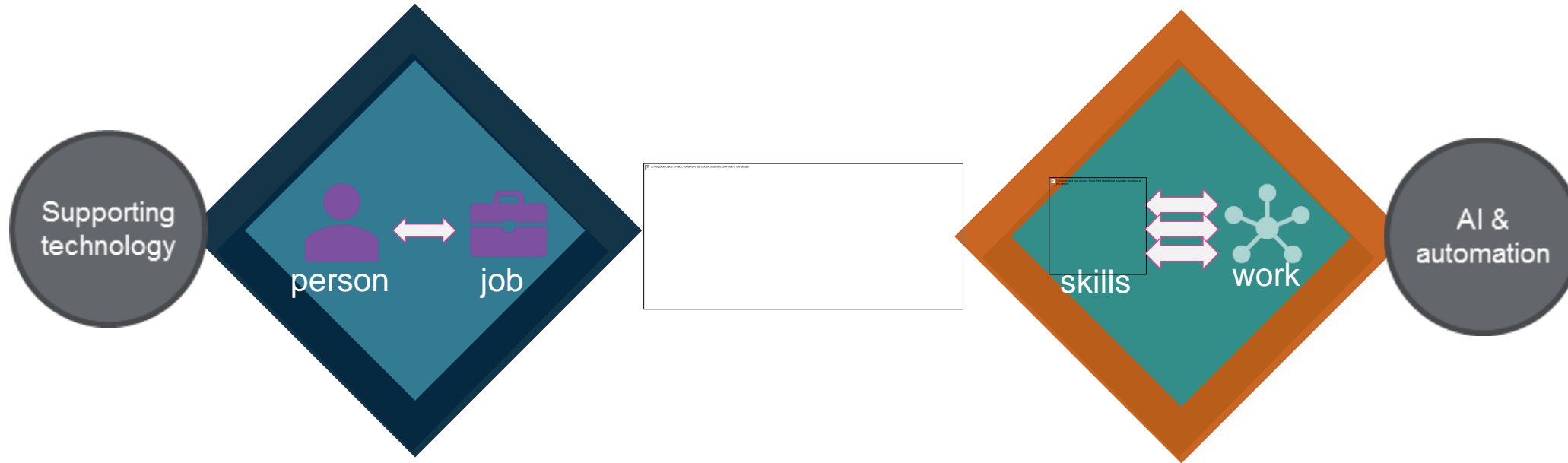
- Employee
- Single job
- Linear career path/ experiences based on skills required by job (demand)
- Technology built to support people in jobs

- Internal and external talent
- Jobs, work tasks, projects
- Variety of experiences based on skills required for work (demand) and skills and interests of person (supply)
- Automation becomes a "work partner" to substitute, augment and transform work

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Source: Ravin Jesuthasan

The New Work Operating System

Leaders need a new operating system for work that better supports the high degree of organizational agility required to thrive amid increasingly rapid change and disruption, and that better reflects the fluidity of modern work and working arrangements.

Four principles of the New Work Operating System:

1
Start with the work (current and future tasks) and not the existing jobs

2
Achieve the optimal combination of humans and automation

3
Consider the full array of human work engagements (e.g., employment, gig, freelance, alliances, projects, other alternative arrangements, etc.)

4
Allow talent to "flow" to work versus being limited to fixed, traditional jobs

Source: *Work Without Jobs*, Ravin Jesuthasan and John Boudreau, MIT Press, 2022

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We see three role archetypes in organizations today Connecting Talent to work

Employees in fixed roles

Regular full-time employees, perhaps due to a convenient volume of work that fits a regular job or compliance or control reasons that justify offering a fixed full-time assignment.

Enabling Infrastructure:

1. **Job architecture**: Particularly relevant when the work and skills required are relatively stable
2. **Workforce planning**: More traditional headcount planning

Employees in flexible roles that are partially fixed, but can flow to work as needed

Partially fixed because of work volume or skills dedicated to a job, but can flow to specific challenges as needed.

Such roles often emerge from internal marketplaces where regular job holders take on additional project work.

1. **Job architecture + marketplace**: Particularly relevant as work and the skills required are changing
2. **Workforce planning**: Traditional headcount planning + skills-based planning

Employees fully flow to tasks, assignments, and projects

Capabilities are required in short-term bursts by several different work processes (such as a freelance or project-based data scientist who moves among projects in marketing, HR and operations as needed).

1. **Marketplace:** Particularly relevant for "stretching" scarce skills and when the skills required for work are changing quickly
2. **Workforce planning**: More agile work and skills-based planning

Source: Jesuthasan and Boudreau, Sloan Management Review, Spring, 2021

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The Blueprint for the New Work Operating System

1. Follow the new work operating system change process:
   - Start by identifying a high-value trigger for creating a prototype that will illustrate the power and value of the new work operating system
   - Typical triggers include operating challenges, constraints (like bottlenecks in processes or talent pipelines), new technology, and shifts in organizational priorities
   - Ensure you have the right metrics in place to measure success

2. Adopt the work design principles as a touchstone for all your efforts:

3. Deploy the new work operating system – along the lines of the 7 principles discussed

4. Execute and sustain the new work operating system
   - Processes (activities and workflow)
   - Culture (collaboration, behavioral norms, governance, etc.)
   - Talent (skills, capabilities, etc.)
   - Structure (organization of work and enabling systems (e.g., budgets))
   - Technology (automation, info systems, etc.)

5. Transform leadership

Source: *Work Without Jobs*, Ravin Jesuthasan and John Boudreau, MIT Press, 2022

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How can you reset and stay relevant?

Reflect stakeholder values in your guiding star

Design to adapt by embracing a new work operating system

Make your values visible and build a culture of ESG/ Sustainability

Build sufficient adaptive capacity in your structures and people to stay on track

Advance diversity, equity & inclusion and be intentional in your decisions

reset for **relevance**

work in
partnership

deliver on **total well-being**

build for **employability**

harness **collective energy**

Employees don't want to work for you, they want you to work with them

There is a revolution in how we work and who we partner with:

Over 6 in 10
employees will only join or stay with a company if they can work remotely/hybrid

Executives recognize there is strength in numbers and are building resilience through partnerships:

36%
would increase strategic partnerships if faced with an economic downturn

64%
of executives say gig workers will substantially replace full-time employees in their company in the next 1-3 years

What people want from work fundamentally has not changed; how they want to engage with work has

Past Focus: **Retain**	Past Focus: **Motivate**	Current Focus: **Recover**	Future Focus: **Energize**
Loyalty contract (transactional)	**Engagement contract** (work and workplace centered)	**Thrive contract** (whole person consideration)	**Lifestyle contract** (LifeX – life experience)
Basic Needs: Pay, Benefits, Security	**Psychological Needs:** Achievement, Camaraderie, Meaning	**Well-Being Needs:** Purpose, Equity, Impact	**Fulfilment Needs:** Choice, Connection, Contribution
Workers are assets to be retained	Employees are assets to be acquired and optimized	**Human-led, Technology enabled** People and machines work together for maximum value creation	**Human-centered, Partnership built** People across the talent ecosystem partner to build sustainable systems
Pay and benefits for time and output	Broader set of rewards (pay, benefits, career, experiences) in exchange for organizational engagement	Healthy experiences in exchange for a commitment to organizational renewal	Total rewards that include flexibility in return for broader choices and the promise of continued relevance

How can you partner better with employees?

Redefine the work contract

Maintain equitable partnerships

Ensure trust, transparency and fairness

Define work arrangements that attract the talent you want

Equip managers to negate the biases in pay and promotion

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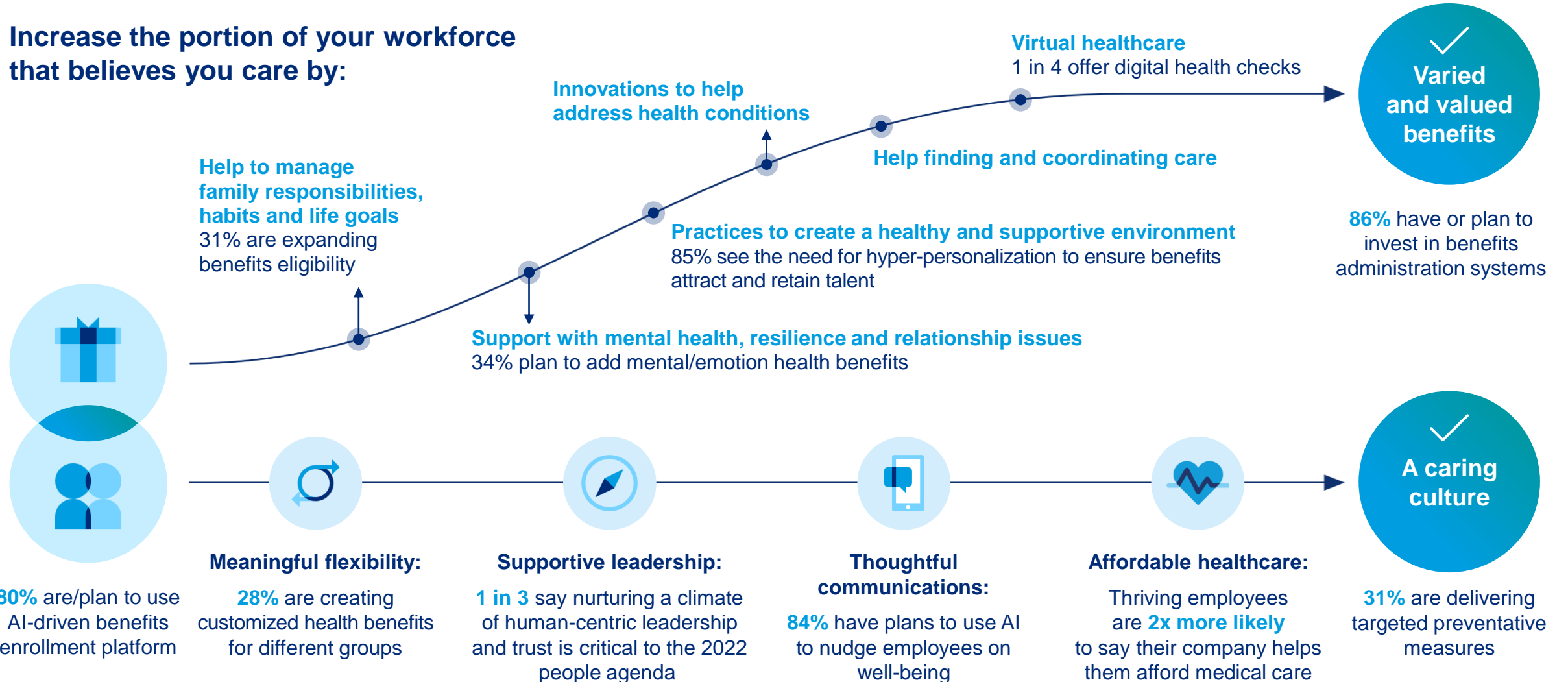
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Caring employers are more important than ever, and data can help

81% of employees feel at risk of burnout in 2022 *(up from 63% in 2020)*

What it can lead to

Increase the portion of your workforce that believes you care by:

Virtual healthcare
1 in 4 offer digital health checks

Innovations to help address health conditions

Help finding and coordinating care

Help to manage family responsibilities, habits and life goals
31% are expanding benefits eligibility

Practices to create a healthy and supportive environment
85% see the need for hyper-personalization to ensure benefits attract and retain talent

Support with mental health, resilience and relationship issues
34% plan to add mental/emotion health benefits

✓
Varied and valued benefits

86% have or plan to invest in benefits administration systems

✓
A caring culture

80% are/plan to use AI-driven benefits enrollment platform

Meaningful flexibility:
28% are creating customized health benefits for different groups

Supportive leadership:
1 in 3 say nurturing a climate of human-centric leadership and trust is critical to the 2022 people agenda

Thoughtful communications:
84% have plans to use AI to nudge employees on well-being

Affordable healthcare:
Thriving employees are **2x more likely** to say their company helps them afford medical care

31% are delivering targeted preventative measures

How can you deliver on total well-being?

Lead with people sustainability

Safeguard mental health

Move beyond the market median and lead on what you value

Take a broader view that includes mental, social and financial well-being

Personalise with data and scale with technology

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#1 agenda item for Executives in 2022 is reskilling

#2 HR priority for 2022 is to design talent processes around skills

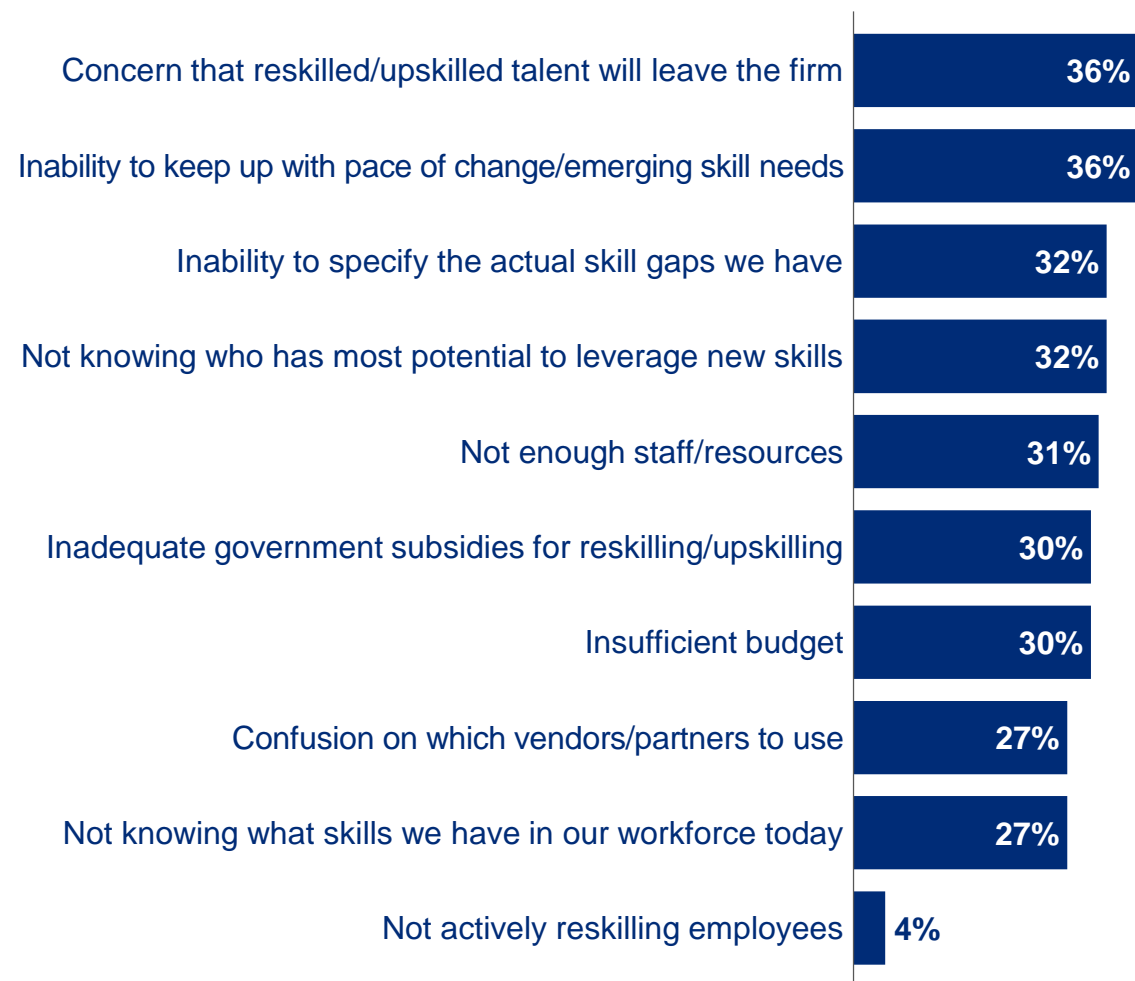**91% of employees** recently tried to learn a new skill

98% of HR say their company has significant skill gaps

Organizations and employees need to bridge the gap to build prosperity for all

What is getting in the way of building a skills-based organization?

HR see a number of barriers to skilling at scale

Barrier	%
Concern that reskilled/upskilled talent will leave the firm	36%
Inability to keep up with pace of change/emerging skill needs	36%
Inability to specify the actual skill gaps we have	32%
Not knowing who has most potential to leverage new skills	32%
Not enough staff/resources	31%
Inadequate government subsidies for reskilling/upskilling	30%
Insufficient budget	30%
Confusion on which vendors/partners to use	27%
Not knowing what skills we have in our workforce today	27%
Not actively reskilling employees	4%

Employees crave focused reskilling and a visible pay-off

Top 2 **barriers to reskilling according to employees:** not enough time and available resources did not help them learn a new skill

1 in 5 **are not convinced** reskilling will improve their chances of promotion

Gen Y **are more likely** to say they are unsure which skills to focus on/would help their progression

Those who are thriving are **2.5x** **more likely** to say their company is supportive of mid-career changes

Building skills for the future at scale:

- ✓ Curated and data-driven learning pathways
- ✓ Incentivized with a clear pay-off
- ✓ Technology enabled
- ✓ Micro or bite-sized learning
- ✓ Peer or shared learning experiences

How can you build your employees' employability?

Secure the future with skills

Build pathways to prosperity for all

Ensure robust Future of Work Plans

Accelerate plans to build a skills-based organization (including pay-for-skills)

Ensure pathways to prosperity for key groups

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Human-centric leadership delivers on a collective vision of the future of work

"I expect AI and/or automation to significantly change the way my job is done in the next 3 years."

70%
of employees
(up from 44% in 2020)

"When I consider the *Future of Work,* I believe it will be **balanced**; that work will be *redesigned* to allow time for family, hobbies, work, health and learning."

51%
of employees
(top response)

The work experience sits at the intersection of an employee's **expectations, environment,** and **events** that shape their journey

Achieving a balanced future of work requires a lot of work
97% of companies are planning for enterprise-wide transformation in 2022

Top transformation challenges:

Executives	Rank	%	Employees	Rank	%
Too many competing priorities	1	32%	Too many competing priorities	4	28%
Employee exhaustion or burn-out	2	32%	Employee exhaustion or burn-out	1	31%
Lack of workforce capability and skills needed	3	30%	People do not have the skills needed to execute on the transformation agenda	3	28%
Insufficient budget	4	28%	Insufficient budget	6	26%
Clear vision from leadership but teams are not empowered to execute	5	27%	-	-	-
Inadequate deployment of new technologies	6	26%	Non-optimized and/or outdated technology systems	5	26%
Executive/leadership exhaustion or burn out	7	26%	-	-	-
Too tied into legacy systems	8	26%	Organizational complexity	2	28%
Difficulty embedding ESG in the transformation agenda	9	25%	-	-	-
Inertia or change fatigue	10	25%	Slow-moving culture	9	25%
HR exhaustion or burn-out	11	25%	-	-	-
Lack of vision or clear direction from leadership	12	24%	Transformation strategy lacks a clear purpose, making it difficult to fully support	8	26%
Rebuilding lost trust in our strategic direction	13	24%	Lack of trust in the leadership's vision and / or the organization's strategic direction	7	26%

How will you help your company manage energy?

HR's in the spotlight

83% of **executives** say they have asked more of HR in the past 18 months, and will continue to do so in 2022

94% of **HR** are concerned about their ability to deliver on the transformation agenda

HR's top concerns:

#1 **HR** has too many competing priorities

#2 **employees** are exhausted

How can you harness collective energy in a tired world?

Design human-centric work experiences

Build a relatable People function

Design work and working to unlock joy

Invest in digital ways of working

Use a Target Interaction Model to redesign your People Function

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Relatable organizations

have two ears,

one mouth and

many hands

To learn more about how relatable organizations
are staying ahead this year, register for our report online

https://www.mercer.com/our-thinking/career/global-talent-hr-trends.html

welcome to

brighter