

Humans@Center:
The worldwide workforce
has spoken...

ICMIF Rome

October 2022



Building a better
working world

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Macro global trends on the heels of the pandemic next and beyond are shaping the future of work and accelerating the need to reimagine ...

Inflation/ geopolitical risks



5%—11%

Strong wage growth forecasted in 2022 by Oxford Economics ranging from 5% in Germany to 6.8% in China to 8.9% in the US and 11.4% in India, creating intense cost pressures (Oxford Economics)

Open roles/skill challenges



69%

Employers globally reporting difficulty in filling roles (per Manpower), up from 31% in 2010 and at a record high. The US has 11.3 million unfilled jobs currently. (ManpowerGroup)

Retiring boomers/ 5-gen teams



10k+

US baby boomers per day turning age 65 facing retirement, and the need to replace talent with millennials and Generation Z with different expectations. (AARP)

Technology expansion



270m

MS Teams/month 2022. Explosive growth in digital collaboration and expansion of use of cloud, RPA, mobile AI (Meta) all taking hold. Increased real risk of cyber considerations. (Microsoft)

ESG taking shape



85%

Investors considering ESG, including banks (91%), fixed-income investors (71%) and 24 global credit rating agencies that consider ESG in their decisions to allocate capital (Gartner)

ESG = environmental, social and governance; RPA = robotic process automation

Source: The Future of transformation is human: Said Business School University of Oxford; EY June 27, 2022

There is a major shift in the balance of power toward the employee

These labor market changes mean the balance of power has shifted in favour of employees.



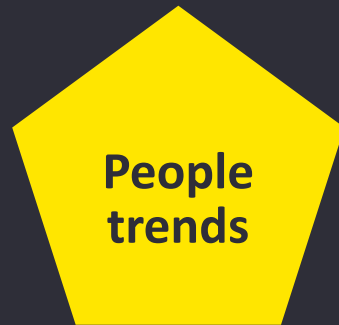
Many forces are shaping the future of work and, to remain competitive, organizations should react and respond quickly

The pandemic has supercharged the pace of change in how organizations approach their people agenda.

The Great Resignation

57%

of employees globally say they are **prepared to quit** their jobs if they aren't offered the flexibility they want.¹



ESG issues

87%

of **employers are likely to consider nonfinancial factors** e.g., society, employees or customers, when making decisions about their post-pandemic workforce.²

Workplace preferences

90%

of employees globally **want flexibility in when and where** they work.⁴

Reskilling and learning

83%

of employers believe there will be moderate to extensive **change in learning and skill development** in the future.³

Digital adoption

84%

of employers believe that **workforce digital tools and technology will change** moderately/ extensively in the future.⁵

- 1 Employee well-being and empathetic leadership
- 2 Work models
- 3 Focus on skills
- 4 Mobility
- 5 Digitalization

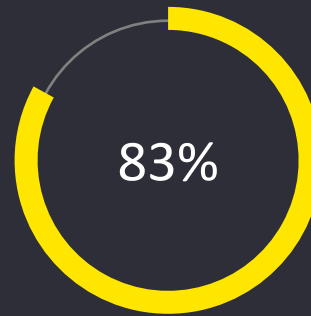
¹⁻⁵ 2021 EY Work Reimagined Employee Survey

New ways of working have set a new normal and spotlighted questions on compensation and career opportunities

Pandemic stress, labor market trends and hybrid work have broken the pay and career equation

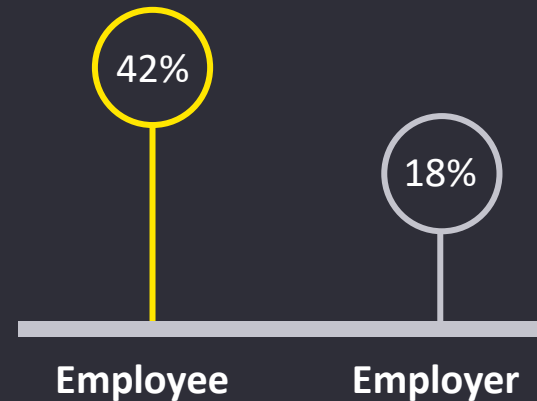


of employees believe changes should be made to total rewards, given the impacts from the pandemic.



of employers say change to total rewards is needed in light of the pandemic.

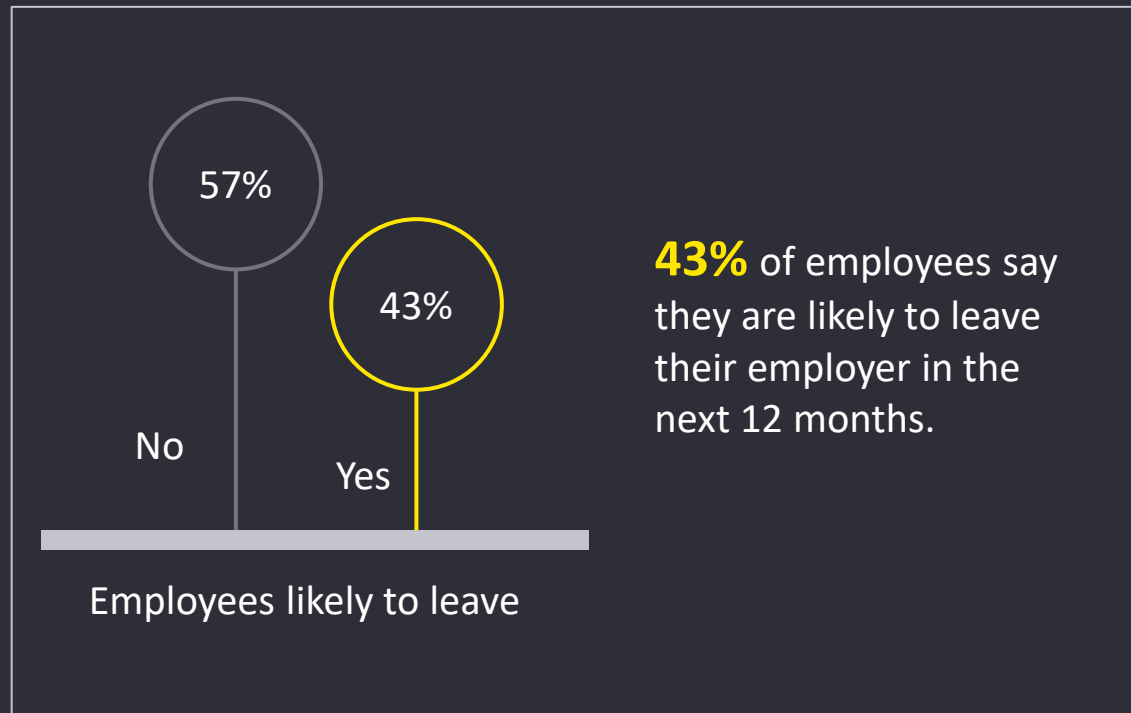
Percent who agree pay increases/reviews are needed to address staff turnover



Employers are struggling to address the “pay equity” issues between internal and external markets.

Employees have new opportunities with tight labor markets and fewer geographic barriers to entry ... their expectations are driven by mix of pay, role and flexibility

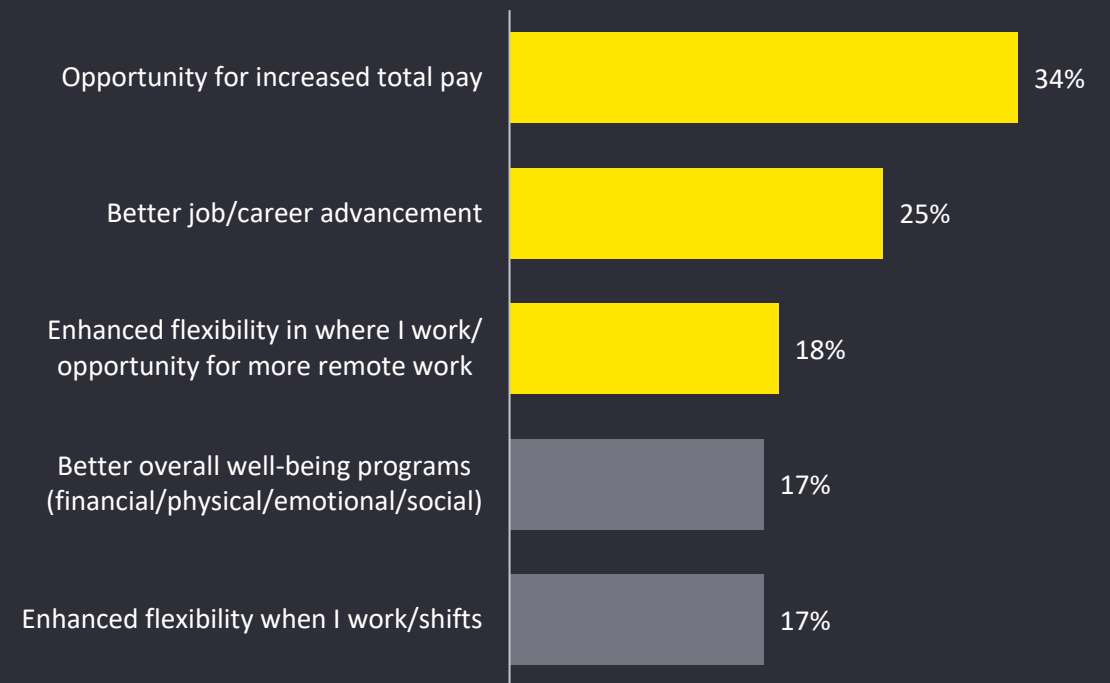
Employees (especially next-gen) feel empowered



This represent a **significant rise from 2021**, when just 7% said they'd be unlikely to stay.

Employees are focused on pay and career growth as primary drivers

If you would consider another offer, what are the primary reasons you would change jobs?



Flexibility is a new normal in the workplace for non-caregiving/essential employees

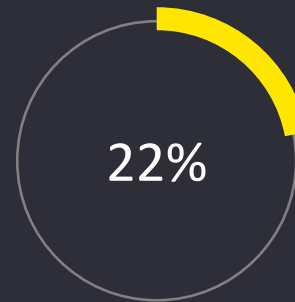
Hybrid working and flexibility needs are here to stay



of employees want to work 2+ days remotely per week.

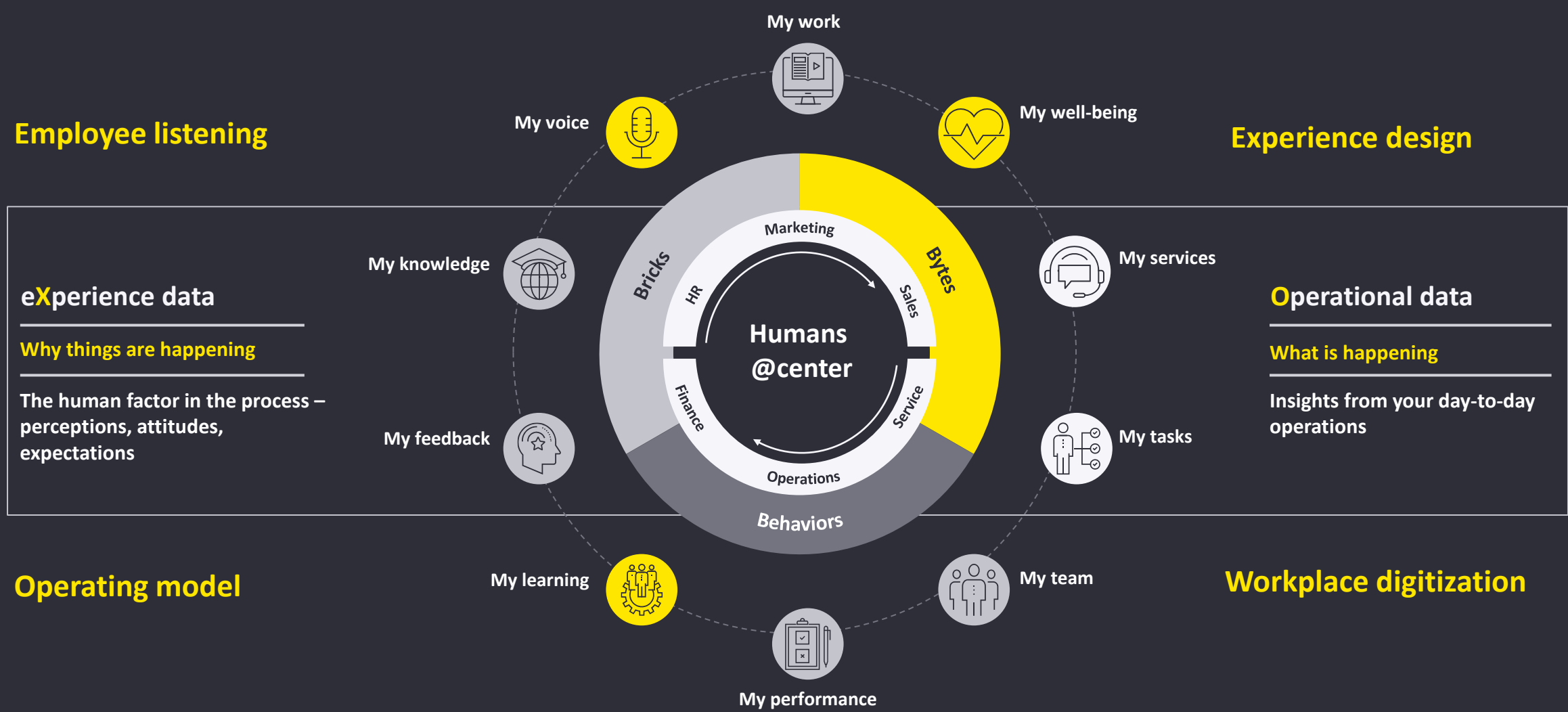
On average, employees want to work **2—3** days remotely (2.9 days).

The percent reluctant to work remotely, i.e., wanting to work 0—1 days remotely, fell from **34%** in 2021 to 20% now.



of employers say **everyone** must return to the office five days a week.

Getting eXperience right means transforming all the components ... increasing personalization and individual data insights



eXperience data

Why things are happening

The human factor in the process – perceptions, attitudes, expectations

Operational data

What is happening

Insights from your day-to-day operations

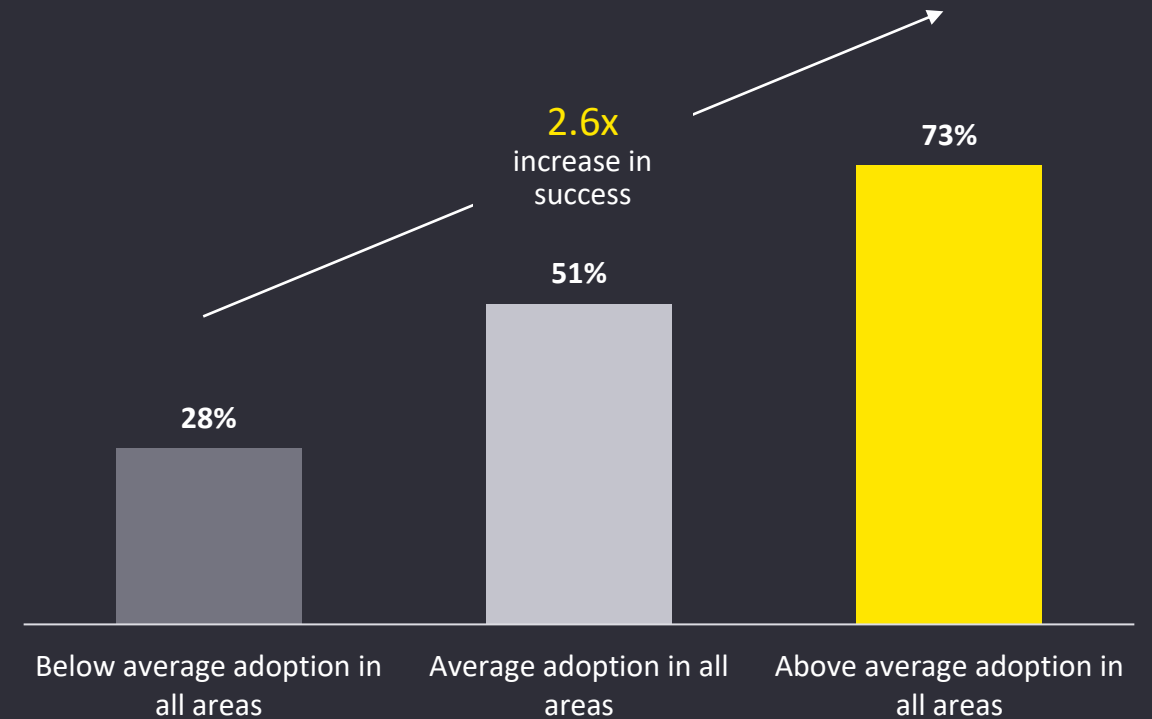
Operating model

Workplace digitization

In 2022, EY and Oxford set out to definitively understand how putting humans@center drives the transformation success question. Four headline insights on business transformation

1. We discovered that both **leaders and workers** of transforming organizations undergo **emotional journeys**, taking very different turns depending on success or failure.
2. We identified **six drivers** which, when combined, help prepare for and manage these emotional journeys and are the formula for dramatically **increased success rates** for transformations.
3. These practices define a fundamentally new and better way to drive **sustained organizational performance** in this new normal of constant transformation.
4. In transformations, **humans should not be a work stream** but a focal point.

Estimated likelihood a transformation will succeed based on its adoption of six drivers^{1,2}

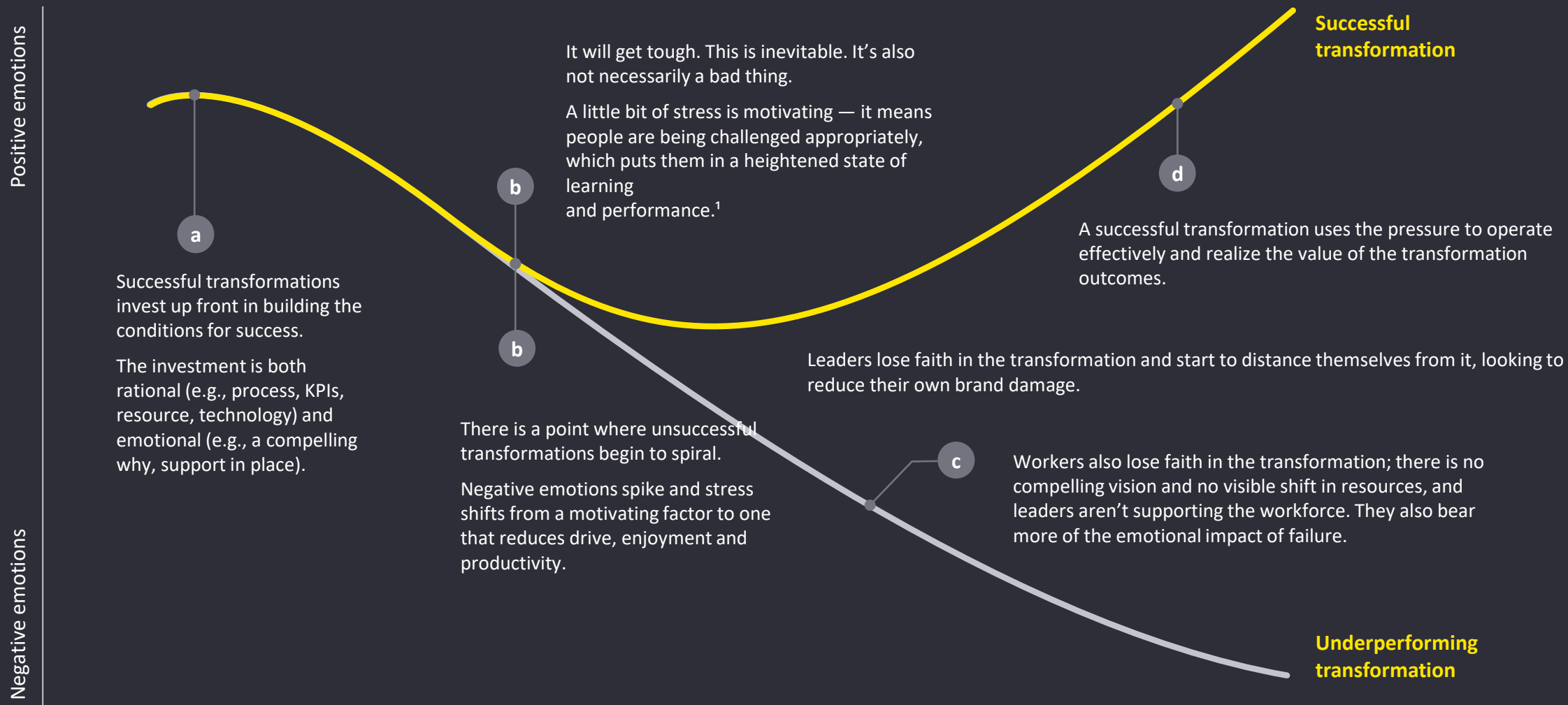


¹ Logistic regression using maximum likelihood estimates; n=2,050.

² "Above" or "below" average refers to 1 standard deviation increase or decrease, respectively, in average leading-practice adoption across all areas.

Source: Transformation Leadership Study 2022; EY Knowledge analysis

About the **emotional journey**: it's all about setting the right conditions and leading through pressure points



¹ Cohen, Sheldon; Kamarck, Tom; Mermelstein, Robin; "A global measure of perceived stress," *Journal of Health and Social Behavior*, [jstor.org/stable/2136404?origin=crossref](https://www.jstor.org/stable/2136404?origin=crossref), accessed 4 May 2022.

The **six drivers** of a successful transformation put humans @ the center

01 Inspire (purposeful vision)

- Disrupt: look elsewhere to have your thinking challenged.
- Build belief: clearly communicate to people “why” change is needed.

03 Build (practical technology)

Use technology to bring vision to life:

- Make it real — quickly.
- Invest in your people to develop required mindsets and skills.

05 Lead (adaptability)

Build leaders who:

- Constantly work on themselves.
- Practice courage.
- Create a culture of accountability.
- Emphasize “we” not “me.”

02 Care (psychological safety)

- Acknowledge and plan for the emotional journey of both the workforce and leaders.
- Focus on creating the conditions where people can speak up.
- Manage the stress, keeping it a positive force without leading to anxiety or apathy.

04 Empower (disciplined freedom)

- Create autonomy for the organization to execute.
- Encourage experimentation.
- Incentivize the shift.
- Accept that the pace of progress will ebb and flow.

06 To collaborate (radical interdependence)

- Create an environment that fosters connectivity, collaboration and creativity.
- Deliberately co-create new ways of working.

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