



ManpowerGroup™

Human Age 2.0

FUTURE FORCES AT WORK



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“Changes in the world of work are accelerating at a pace and scale never seen before. A perfect storm of structural and cyclical forces, from shifting demographics and rapid globalization to technological revolution, has created a highly uncertain business environment and knocked labor markets out of sync. From this ‘new normal’ of instability and market disruption, new ways of getting work done are emerging.”

BUSINESS AS USUAL IS A THING OF THE PAST

NEW WAYS OF GETTING WORK DONE ARE EMERGING

In 2011, ManpowerGroup identified the “Human Age,”¹ a new era in which talent overtakes capital as a key economic differentiator. Driven by four key global forces — greater individual choice, the rise of customer sophistication, shifting demographics and the ongoing technological revolution — the Human Age continues to shape the workplace and its impact is increasingly apparent.

The Great Recession and the protracted, uneven recovery reveal how longer-term structural trends have altered global markets. In this new normal, economies continue to grind in low gear, especially the three main engines of global growth — Europe, United States and the BRIC nations. The Euro area is beset by unemployment, threat of deflation, a refugee crisis, the Volkswagen implosion and radical politicians who agree on little that will drive growth. The U.S. economy faces weaker expansion with interest rates rising. The dollar continues to strengthen, while China’s growth is likely to drop another notch, reducing demand in global markets.

Many expected that as the recession subsided the world would return to business as usual. That hasn’t happened. The recovery is unlike any other and so is the business environment. Both are less stable and harder to predict, yielding new challenges and opportunities. Businesses will need to plan for uncertainty and be built for change.

What is certain is the uncertainty that lies ahead and that we will see the effects of this acceleration of structural and cyclical forces.

Is the Labor Market Broken?

Global labor markets are less elastic today than they once were; they recover more slowly and produce growing inequality. Systems for aligning

labor supply and demand no longer function as before. The result is widespread skills shortage² despite high unemployment. The labor market is hampered by lack of talent liquidity and limited investment, while traditional work models compete with new, more flexible alternatives. Employers, challenged by globalization, low productivity, wage pressure and talent shortages are not investing in

people as they once did. They have gone from a traditional role of being builders of talent to consumers of work. They have not yet figured out where to invest to acquire and develop the more specialized skills

they need for this new business environment. ManpowerGroup’s 2015 ‘Talent Shortage Survey’ found that 38% of employers globally are having greater difficulty finding people with the right skills than last year — the highest level in seven years.²

Of course these challenges are felt by individuals too, with unemployment and underemployment, stagnating wages and access to jobs that offer little in the way of development. They struggle to see the path to success within large organizations and can no longer trust the traditional career ladder. Governments increasingly ask what is business doing to be part of the solution — with education, training and long-term investment — and some are regulating to address this.

Survival of the Talented — Has Disruption Turned to Darwinism?

The polarization of the labor market is wider than ever. Most developed economies have seen stagnant wages for more than a decade, but averages can be misleading. The **Haves**, those with in-demand IT skills — .NET, SAP, Vendavo and Ruby on Rails — or mechanical, electrical and civil engineering skills — have

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This **new age of work** will require a new playbook and **employers will need the agility and talent to succeed** in the reconfigured labor market.

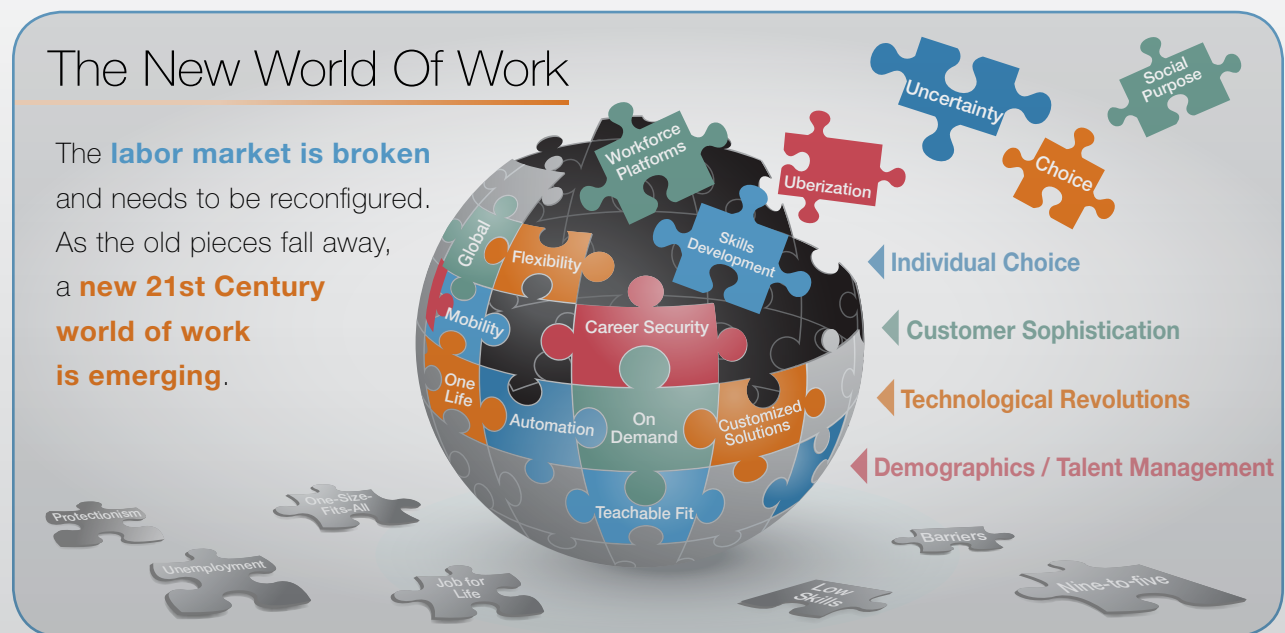
continued to see wages increase. The **Have Nots**, with low or outdated skills, see wages stand still or decline. So what about the **Rest of Us**? Most of the workforce is not highly skilled, high earning IT elite, but the vast majority, the *Rest of Us*, are essential consumers and critical for productivity and growth. Low wage growth depresses consumer spending and overall economic growth. **The time is ripe for disruption and new thinking in the labor market.**

The New World of Work — Tear Up the Old Rule Book

As labor market tension increases and the talent mismatch continues, economic necessity or political influence will eventually force a realignment of the labor market. Old protectionist markets will need to be reconfigured to compete and reflect new ways of getting work done. Policies focused on job protection are discouraging new hiring and

increasing the dichotomy between old, young, temp, perm, *Haves* and *Have Nots*. The labor markets that restructured ahead of the recession are faring better than those still hampered by regulation and rigidity. Reformed labor markets like Germany, Netherlands, U.K. and more recently Spain and Poland are better positioned for growth. More will follow suit.³

Employers will also need to reevaluate their workforce management and seek alternative workforce models to drive greater productivity at competitive costs. This new age of work will require a new playbook, and employers will need the agility and talent to succeed in the new reconfigured labor market. Individuals will need to develop and demonstrate learnability to skill up to replace the job for life and to stay relevant. Educators and policymakers will also need to keep pace with the changing demands of modern economies and a more globalized labor force.



HUMAN AGE FORCES IMPACTING THE WORLD OF WORK

Shifting Demographics, Dynamic Workforces

Honey I Shrunk the Workforce...

Most developed economies are moving from population growth and abundance of labor to static or shrinking workforces, with productivity concerns and pressure on public funds for pensions and healthcare for an aging population. Sixty percent of people now live in countries with stagnant or shrinking populations.⁴ Across Europe, the working-age population is projected to decline by 10% by 2020, and in Germany alone, the labor force will shrink by six million workers over the next 15 years. China is similarly challenged: its working-age population peaked in 2010, and by 2050 more than a quarter of its population will be over 65, versus 8% today.⁵ Among developed nations, only the U.S. and France have the population profiles to support economic growth, primarily due to immigration and the growth of minority populations. All eyes are on Germany to see if its open door policy to Europe's refugees will be the key to address its skills deficit in years to come.

Tapping Diverse Talent the World Over

Combined with the skills mismatch, this looming labor scarcity is accelerating a global war for talent that will influence everything from where companies are based to employment and immigration legislation. Demographics already impact the workplace: people are living longer and working older, the labor force is more diverse than ever and migration is reaching levels not seen for decades. New groups naturally demand equal treatment and opportunities; it is no longer

acceptable that women are underrepresented in leadership, get access to fewer opportunities or earn less. Population trends that have been forecast for decades are reaching the tipping point at which they will truly be felt by employers. Employers will need to move on from circular conversations about diversity and act to tap underutilized talent pools.

Some companies and policy makers are beginning to think differently about making better use of the full workforce including older workers, people with disabilities, migrants, veterans and minorities. Others are reinventing retirement models. Prime Minister Abe is encouraging Japanese employers to bring more women into the labor market. In the U.S. oil and gas and aerospace employers with aging workforces are retaining skills by engineering the prolonged exit for older workers, phased retirements and encore careers to transfer knowledge and develop the next generation. China is ahead of the curve addressing the global talent shortage by increasing its investment in higher education. Whereas in 2013 China had just 17% of 25-34 year-olds with a tertiary education across G20 countries, by 2030 the OECD predicts it will have 27%. Enticing Chinese graduates to choose Chinese companies over foreign employers is also plugging their brain drain.⁶

The Evolution of Talent Attraction and People Management

For companies to compete, HR will continue to become more customized to individuals and targeted to specific populations. As individuals take on more career responsibility, employers will be forced to plug into their careers, engage and retain them. The high touch, functional HR model will shift to a high-tech, low touch model. It will be more in line with other social channels that are open, integrated, self-driven and even gamified,

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versus the siloed, password protected, transactional approach of the twentieth century.

Access to information will change the way an organization drives better performance. The old style of workforce management with interviews and annual reviews will move towards real workforce performance management using assessment, online behavior, ongoing feedback and real-time performance data to drive individual-level continuous improvement. Continually improving the experience to broaden reach and increase loyalty by building social channels will reduce sourcing costs and drive fresh opportunities to attract and retain great people. Companies unable or slow to transition will be at a competitive disadvantage.

The Rise of Individual Choice — What Have You Done For Me Lately?

Consumers have more control than ever. Transparency, access and low cost means people can choose — global or local, corporate or artisan — so business needs to act differently. Individual choice has driven the Makers

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Movement and growth of the C2C market with the rise of Uber, Airbnb, Craigslist, quikr and more will come. The rise of the consumer voice manifests itself too in the labor market where the basic relationship between employers and employees is changing.

The Employer-Employee Relationship has Reached a Tipping Point

The old culture of paternalism and loyalty that once characterized the employment relationship has given way to a more detached, mutual self-interest that is often more transient.

Employer-employee trust is at an all time low. Today, choice, wages and opportunities are dictated by skills, not tenure. This lack of trust is felt by employers too who worry that employees will leave once their skills have been developed. Some countries have tried to protect the old job for life model, retaining rigid employment legislation that is unaffordable and unsustainable, but career security — a person's ability to move on or up, independent of their employer — will start to replace job security.

As in-demand talent drives the shift towards a more candidate-focused job market, development opportunities, training and clear career paths that improve employee engagement will be crucial. Career ladders will give way to **career waves** as Millennials prepare to run a work ultramarathon, wanting the flexibility to switch gears at different stages, and insisting on **One Life** — the work home integration that allows them to pursue goals professionally and personally, when it suits them.



More than ever, individuals will pursue careers with multiple employers rather than a job for life. The *Haves*, with sought after talent, are in a better bargaining position and able to manage their own careers. The *Have Nots*, those without in-demand skills, feel increasingly disposable and marginalized. Employers will have to work harder to drive engagement and productivity especially among the *Rest of Us*. Employers will need to shift mindsets and provide more tools, support and opportunities so workers choose them as the workplace to upskill and stay relevant. New work models are emerging that will drive productivity gains and change this outdated, uneven employer-employee relationship. New rules of engagement will shift the balance to self-driven individualization.

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The Collective Voice of the Individual – Listen Up HR

External forces and public opinion today exert enormous pressure on corporations. Once it was trade unions that drove policy and salary, but now individual choice supported by social media is demonstrating the collective power of the individual to affect changes like doubling wages from national minimums to \$15 per hour even in the low skilled service sector. The labor market is changing and those jobs that were once intended for students and part-time working mothers are now the full-time ‘careers’ of many. Employers are under increasing social pressure to pay wages that support individuals with families. This tension will threaten job numbers and may lead to increased automation, so employers and policy-makers will need to carefully manage that tension in the future.

Perceptions are Real – Employer Brand has Never Been More Important

For employers, greater individual choice means finding new ways to attract, engage and retain the people they need to succeed. Platforms

like LinkedIn, glassdoor.com and others have entered the online jobs market expanding their core service while providing access to wage comparisons, corporate culture and career paths like never before. Organizations have to work harder to protect their image online and brand themselves as a desirable place to work. The recent New York Times Amazon article is one of the highest profile, white collar Them and Us exposés and the rise of the collective voice means it’s unlikely to be the last.

Companies and individuals choose to work with organizations that share their values and have a clear social purpose. Eighty-three percent of consumers would switch brands if a different brand of similar quality supported a good cause⁷ and social purpose can be the

deciding factor when doing business.⁸ Generation Z especially are both socially savvy and clear on their priorities. They want to be paid well and want their work to have meaning, to be part of a company that is successful in terms of profit and makes clear the connection between doing well and doing good. Employers must shift from a local to global mindset when working to attract, hire and retain top talent. Employer brand has never been more important or more exposed.

Client Sophistication: Transparency of Everything and the Evolution of Platforms

The proliferation of technology and access to data has kicked off a corporate gold rush in search of greater insight and improved efficiency. Organizations are increasingly applying supply chain sophistication to talent acquisition and retention, while clients, regulators and consumers are demanding greater insight into information and how it is handled. Before the gains can be realized, companies must learn to use these new tools without drowning in data. Now that it is possible to measure everything, the difficulty is sifting the nuggets from the noise.

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Knowing Me, Knowing You

With big data, companies know their customers like never before. From the employee's perspective, mass individualization provides personalized experiences supported by data and technology. The U.S. retailer Target made a stir by figuring out when customers were pregnant and mailing them coupons for baby products. Facebook and LinkedIn tailor ads to individual customers, and Google's predictive algorithms have been able to forecast everything from election results to the spread of disease. But big data also creates

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cyber risks. High-profile cyber-attacks against organizations like Sony, Talk Talk, JP Morgan and eBay give leaders pause. Experis research⁹ found that security is the most frequently cited in-demand and hard to fill skill according to CEOs and CTOs globally, with 32% of IT leaders seeking to recruit those with specialist security skills. Data privacy, digital security and cybercrime will continue to hit the headlines.

A lack of current employee data is increasingly seen as a major vulnerability for companies. As many as 80% of businesses lack a reliable picture of who is working on their premises,¹⁰ raising serious concerns for risk and legal departments. Companies expect digital detail on employees revealing everything from criminal records and drug histories to emergency contacts and timesheets at the click of a button. This increasing demand for real time insight into people practices

will radically reshape the workforce solutions industry. The information age will continue to create new responsibilities.

The Odd Couple — Will Mash-Ups and HR Fix the Labor Market?

As this wave of data and new tools hits, the HR function is becoming increasingly complex and companies are relying more on outside partners and individuals to enhance capabilities, create more flexibility and increase time to value.

Companies will know their own people better too. Greater use of behavioral and intelligence tests and digital performance scorecards will help employers transition from workforce reporting to workforce analytics in search of increased productivity, performance and employee engagement. New models of collaboration and co-opetition — with mash-ups like Samsung making chips for Apple's iPhones — will foster better supply chain analysis and create interdependence among organizations while allowing them to leverage each other's strengths and be more agile. HR needs to learn from this co-opetition to identify rapid and scalable integration of new capabilities.

Ultimately, data and aggregation should enable companies to make better decisions around hiring, development and workforce management strategies. It can help leaders understand performance, spot opportunities and anticipate risks. The difficulty is knowing how to read the tea leaves and draw useful insights from the numbers.

Technological Revolution is Changing the Way Work Gets Done

Out With the Old, In With the New

Technology has created shorter business-cycles and competition that is increasingly global. Given the constant change, it is harder for individuals to keep their skills up to date or for educators to predict

what hiring managers will need three years from now. While the debate over whether technological change leads to “job replacement or displacement” continues, what is certain is that we have not yet seen the full impact of technology on low and mid-skilled jobs. With the development of better artificial intelligence, we will soon see the impact on white collar roles too, in higher-skilled roles like auditing and accounting. Up to 47% of U.S. jobs in 2010 were highly likely to become computerized in the next 10-20 years.¹¹ If history is a guide, the new industries and opportunities created should ultimately surpass those that go, but the transition will be difficult with winners and losers in the labor market.

The Human Cloud and High Touch Technology

In our hyper-networked, data-heavy environment, technology has dramatically lowered the barriers to market entry and is shifting power from producers to consumers. The rise of the so-called Gig Economy, the trading of individual tasks (gigs) leveraging technology platforms, is now a daily phenomenon. This lessens the need for traditional mass marketing and favors companies that develop closer, more personal relationships with consumers. In some cases, individual **influencers** with huge followings on YouTube and Instagram are seen as more trustworthy, credible and relatable to consumers.

Technology is also challenging the value of brands and creating new ways of building trust, especially with the growth of the Sharing Economy. People previously looked to larger, better-known companies to guarantee high quality service, but with the advent of the Ratings Economy the Etsy artist, Airbnb landlord, TaskRabbit designer or other ‘unbrands’ can be deemed just as or more reliable. Amazon’s **Handmade** is prepping a new marketplace for handcrafted goods. The five main sharing sectors — peer-to-peer finance, online staffing, peer-to-peer accommodation, car sharing

and music video streaming — have the potential to increase global revenues from around \$15 billion today to \$335 billion by 2025.¹² The evolution of trust has opened the door to millions of small-scale producers and kicked off a Makers’ Movement that has multinationals quaking in their Goliath boots.

As consumers seek a more personal, peer-to-peer transaction for products and services we will see even more Human Cloud-style solutions permeating markets, though to date most have struggled to achieve scale. Still, with so many of these low-overhead options emerging, margins will continue to be squeezed by small-scale firms leveraging online platforms across a range of established industries, including staffing. Now that technology facilitates easier connections between demand and supply for work, the challenge is achieving the right balance between worker protections offered by traditional, full-time employment and the new more informal, less secure models like Upwork, crowdSPRING or Freelancer.com. Still a microcosm of the labor market, these reconfigurations are evidence that new ways of getting work done are emerging and that consumers and workers demand it. The actual number of jobs impacted may not be substantial, yet employee expectations and demand will be shaped by these changes.

Wearables, Sensors and Services

The digitization of daily life through wearable or implantable technology, intelligent sensors and the Internet of Everything will impact home, work and business models. Employees ‘clock-in’ on smartphones, sensors in vehicles record routes and deliveries, and dashboard cameras record every movement. Producers increasingly stay in touch with their products, whether that is Apple collecting anonymous user data or Boeing monitoring jet engines to ensure they are working properly.

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This new connectedness will help companies understand everything better — transforming the information they get, the products they develop and the behavioral activity they monitor.

In HR, increasing this connectedness will enable companies to know their people and products better, coordinate large, spread out workforces, map their talent pipelines, and make predictions more accurately. Corporate customers make up 1% of wearable device sales today, but will account for 17% by 2020.¹³ This rise in wearables like Fitbit and Jawbone will enable employers to capture data on employees' health, as part of wellness programs intended to promote well-being and productivity. HR will also make greater use of new digital systems such as applicant tracking systems to monitor recruitment, human resource information systems to interact with employees, and analytics and assessment tools to drive efficiency and longer-term planning. Standardized processes, like on-boarding or benefits management will be both automated and individualized. Many larger employers have created internal online communities to communicate with employees and also draw together geographically spread out employee populations. Ultimately, workforce platforms which bring together numerous technologies and systems and crunch thousands of gigabytes of data will help HR better engage and manage the workforce.

New Ways of Getting Work Done — A Reconfigured Labor Market

Technological disruption will continue to bring rapid change and create new ways to get work done. The **uberization** of work provides opportunities for people to supplement their income and get specific tasks or projects done in real-time. This ability to harness talent locally, virtual or real, brings awareness as well as new sources of competitive advantage. Individuals

are able to monetize their time and skills online via Upwork and Freelancer.com, serving an on-demand Talent Now global market. Again, as the reality of this new work 'opportunity' is beginning to dawn, individuals feel the paradox of choice: flexibility and monetizing downtime is a positive alongside the unpredictability of income and lack of employment stability. As the labor market continues its reconfiguration, people's emotional need for security will not disappear and we will be increasingly asking who is taking care of these individuals, who is providing the security in terms of taxation and social security, and who will pay for it?

CONCLUSION

In this world of certain uncertainty, organizations must adapt to a faster-paced environment and position themselves to capitalize more on transient competitive advantage. This will require a different approach to workforce strategy, to ensure companies have the right talent at the right time.

As industries rapidly evolve, jobs will be created and displaced resulting in an ever more complex labor market in terms of both supply and demand. Companies will stand out in the Human Age by serving as effective platforms for organizing how people and businesses interact, buy and work. Out of this transition period, new ways of getting work done will continue to emerge.

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ABOUT MANPOWERGROUP

ManpowerGroup® (NYSE: MAN) is the world's workforce expert, creating innovative workforce solutions for more than 65 years. As workforce experts, we connect more than 600,000 people to meaningful work across a wide range of skills and industries every day. Through our ManpowerGroup family of brands – Manpower®, Experis®, Right Management® and ManpowerGroup® Solutions – we help more than 400,000 clients in 80 countries and territories address their critical talent needs, providing comprehensive solutions to resource, manage and develop talent. In 2015, ManpowerGroup was named one of the World's Most Ethical Companies for the fifth consecutive year and one of Fortune's Most Admired Companies, confirming our position as the most trusted and admired brand in the industry. See how ManpowerGroup makes powering the world of work humanly possible.

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