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CORPORATE RESEARCH FORUM

BRIEFING
PAPER
#

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HR DIRECTORS' BRIEFING

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2021



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FOREWORD

The Covid-19 pandemic has forced HRDs to accelerate change within the function. We will have to move faster to help improve our organisations' performance and productivity whilst at the same time responding to the societal changes taking place.

- Devote your energy to sales, costs, and margins and focus on customers, innovation and speed. These imperatives should form the foundation of all HR activities. If it doesn't move the dial, don't do it.
- Society is changing, with evolving demands for fairness, openness, and inclusivity. Employees, and increasingly customers, expect the enterprise to act in line with a clear and honourable purpose. This needs to be reflected in the workforce, not through tokenism or the views of the vocal minority, but a genuine need to harness everyone's efforts for the greater good.
- Bring together the very best in coaching with senior management to enhance performance and approach to people. The coaching should be delivered by those rare

individuals who are exceptionally insightful, challenging and professional. They might be in business schools, have a political or senior military background or have 'made it' in some challenging field. They are hard to find.

- Shift the organisational mindset on learning. Learning is inextricably linked with strategy execution, ongoing improvement, innovation and operational excellence. In today's world, barriers have disappeared and we should be seeing learning opportunities in everything we do. Learning needs to be relevant, have clear objectives and be evaluated. It's time to re-embrace the learning organisation.
- We need a written, approved, costed, and communicated plan prioritising and explaining our endeavours. It should be short, numbers-rich and business connected. Approach it as our part of the business plan, not a separate HR plan.

HR has a critical role in developing a culture and organisational context that allows the business to flourish and people to thrive. The HR Director has to deliver the essentials, prepare for the future, embrace diversity, mentor colleagues, bring the outside in, and be the conscience of the enterprise. It is difficult to do well, but it is pivotal work.



Matt Stripe
| Group HR
Director | PZ
Cussons



Professor Amelia Hadfield | Head of Department of Politics | University of Surrey

2021 GEOPOLITICAL TRENDS

1 2021 will be an uneven year

Key trends include regional economic downturns in most key markets apart from China as the full impact of Covid-19's costs hit, and a heightened use of key global summits to re-establish US influence, possibly leading to increased trade and global health policy tensions. Much resetting will take place, including the inauguration of President Biden and the transition to a post-Brexit UK. Grand strategies include the EU's 'green Covid recovery', increased attempts by Brazil to reassert regional dominance, and likely spikes in aggression by China over Hong Kong and the South China sea, plus border forays initiated by Russia possibly extending to the Baltics. The advent of 'Covid Diplomacy' will see key states, such as middle-powers like Canada and Sweden, regions like the EU, and organisations like the OECD, support the mass purchase of vaccinations for developing countries.

2 International summits and organisations

Expect attempts by the US and the UK to reassert their post-Trump and post-Brexit identities respectively. The composition of the UN Security Council is especially interesting, with the UK (one of five permanent members) holding the February Presidency, followed by the US in March, China in May, France in July, and Ireland in

September. Leaders of each of these states are likely to initiate specific strategies associated with regional and national interests, including climate change from a post-Brexit UK, and global democracy from a post-Trump US. France and Ireland may reinforce various approaches to European-based leadership.

3 US

Biden is likely to visibly resuscitate the World Health Organization (WHO) and end the impasse at the World Trade Organization (WTO) over the appellate body composition. Biden is liable to re-join key global treaties including the Paris Climate Accords and work to improve relations with NATO, possibly extending this to micro-diplomacy with the EU3 over Iran. He may also use key visits to Ireland, the UK, France and Germany, as well as Brussels, to re-establish trans-Atlantic relationships focusing on trade, climate change, democracy and fighting corruption.

4 UK-EU Relation

The disruption of a no-deal Brexit amid the ongoing Covid pandemic has been avoided by the agreement of a Brexit trade deal on Christmas Eve. Although there will be no tariffs or limits on the amount that can be traded between the UK and EU, businesses will need to prepare for new procedures at ports. New restrictions around professional services and working rights will also need to be considered.

5 EU divisions

The majority of EU leaders support the concept of 'green Covid recovery' enabling zero carbon sustainability to underwrite post-pandemic economic revival. However, regional recovery and unity has been undermined by the stand-off between Poland, Hungary and the rest of the EU over proposals to link EU funds to the explicit observance by member states of the rule of law, deadlocking the rest of the now-overdue EU budget. While European Commission President Ursula von der Leyen may lead a breakthrough, the departure of German Chancellor Angela Merkel in 2021, and ambitions of France's President for enhanced European strategic autonomy may deepen regional unease.

6 China

Ongoing attempts to reclaim aspects of control over Hong Kong, attempts to reset the balance of trade with the US, and pushing ahead with the Belt and Road Initiative are likely to be China's goals for 2021. China's economic output is likely to hit pre-pandemic levels by Q4 or even Q3 2021, with a growth rate of between 6-8%.



Roger Bootle
| Chairman
| Capital
Economics

ECONOMIC UPDATE

The second wave of Covid-19 has intensified the economic downturn and delayed the return of output to its pre-virus level. In the UK this could now occur by the end of 2021 or the beginning of 2022. This economic setback should not be entirely surprising. We have now entered the northern hemisphere's autumn/winter period and there was always the risk of a second wave, as experienced with the Spanish flu outbreak in 1918-20. Markets and many businesses probably became irrationally optimistic over the summer months.

But this is not to say that everything is all gloom and doom. **Businesses have become much more adept at coping** than when the virus and lockdown first struck. This may well explain why global stock markets, although weaker in reaction to news about the intensifying virus, have not fallen further.

Of course, **the availability of vaccines is potentially a game changer**. But we must beware of becoming too optimistic about that too. Regulatory approval, distribution, the degree of voluntary acceptance and the possibility of nasty side effects are all potentially substantial downsides.

Within the European economy, Germany has done relatively well – at least until recently – while Italy has done appallingly badly. Indeed, although few people are currently focussing on this issue, **the economic divergence**

between northern and southern members of the Eurozone will intensify the dangers of an eventual split in this grouping.

China and much of East Asia have already begun an **economic recovery from the virus-induced recession**. Japan was little affected and is also now recovering.

Widespread criticism of the lockdown strategy has emerged from reputable scientific and economic sources. If the virus persists or returns in modified form, there is a good chance that this criticism will intensify and force a change of tack by many governments, including the British one. Instead, we could see the isolation and protection of vulnerable people and reliance on a degree of self-policing, but a reversal of the lockdown allowing the economy to function pretty normally.

While government deficits have ballooned they haven't caused problems in the markets or a rise in interest rates as central banks have

mopped up the extra debt. What's more, even if deficits rise substantially from here, it looks as though this will continue to be the case. This approach has even been endorsed by the former guardian of fiscal rectitude: the IMF.

But the danger of inflation in a few years' time has increased. There is massive pent-up demand and there has been huge money creation by the central banks. It is even possible that governments will come to welcome a bit of inflation as a way of liquidating the debt.

We now have more clarity about the structural changes unleashed by this experience. It has become increasingly clear that working from home has its problems and drawbacks. The Death of the Office has been greatly exaggerated. There is a building consensus that the future will be one in which businesses retain a central office facility but not all workers will be required to go to that office every day of the week. This will pose significant challenges but it will also bring big opportunities in the realms of commercial and residential property, town planning and transport infrastructure.

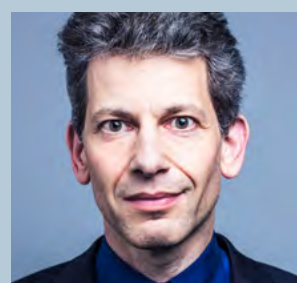


PRACTITIONER VIEW

Peter Blausten
Former Group HR Director
BAA Plc

The challenge for businesses is to put themselves in the best competitive position to take advantage of the economic and geopolitical trends flagged by Roger and Amelia. Don't be blinded by the present. In a crisis it is natural to focus more on tactics than strategy, but vaccine availability is a further sign this must shift. HR must help lead.

- **Cost structure, cash flow and R&D investment** – HR must understand the economics of revised business strategies. Whilst shareholders are being told that it is too early to confirm reliable long-term incentive performance targets, it is by no means a blank canvas for what the financial priorities must look like to be able to emerge in a position of strength. HR must be proactive in the debate on organisation cost, structure and productivity strategy, and plan for the implications.
- **Digitalisation and speed to market of new products** have been two paradigm shifts that employees in every business must appreciate. But do managers understand the implications and are they ready and able to enable these changes more rapidly? HR must make sure credible plans to address this are quickly put into place. These are two key factors to enable growth and competitive advantage, so HR must be well-positioned.
- **Supply chain is sexy**. Brexit, Covid-19 and trade wars have meant more focus is rightly placed on this. Whether you are in HR in a global or domestic business, on-shoring will be reviewed, government will want to stimulate more local manufacturing and supply, and have assurance for business-critical supply chains. There may be significant OD implications for your business.
- **Business has a vested interest in an equitable society**. Covid-19 has further revealed social inequalities. HR needs action plans for more meaningful progress on these – costed and resourced. It is also no longer good enough to deal with diversity as mainly progress on gender, or to deal with disability with minimal expenditure for support and access to jobs.
- **M&A**. The crisis has revealed strategic weaknesses and opportunities. Activist investors will not sit tight for long. Private equity funds need investing. Informed HR Directors can challenge and ask the difficult questions to defend their businesses, or to support debate on acquisitions. They must also be ready and equipped to execute the deals that are sure to be done.



David Rowan
| Founding
Editor of WIRED
UK | author of
Non-Bullshit
Innovation

TECHNOLOGY ISSUES FOR 2021

1



The decentralised workplace

There's no going back: flexible working is here to stay. Repeated lockdowns proved that work can get done pretty effectively at home. To keep talent motivated, leaders will need to ensure that their IT systems are optimised for remote working, and embrace virtual communication tools that make staff feel part of the core company. Leaders should also use software tools to bring their distributed teams together in offices for just part of the week. I recently made a personal investment in Finnish startup Spacent, which provides a digital simulation of available desk space in a city, enabling companies to book those desks for hours or days at a time. It's what comes after co-working.

2



Innovation acceleration

The pandemic forced the lingering analogue industries – from department stores to doctors' surgeries – to digitise rapidly in a bid to survive. That impetus to digitise will only increase, and leadership teams will need to embed technology-led innovation at the core of their strategies. If customers can touch a phone screen or ask Siri for something you offer, you'd better make sure your processes are in place to deliver it as if by magic. This means investing in your in-house tech teams and building an ecosystem with independent tech startups that can help you.

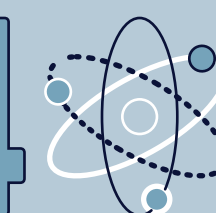
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Algorithmic bias

There's a growing concern that our increasingly AI-driven lives are subject to the biased assumptions of those who wrote the code. Do your face-recognition entry systems find it harder to recognise non-white staff? Is your recruitment database disproportionately penalising older women? Expect greater public scrutiny – from your staff, but also from politicians – of automated decision-making in all its forms.

4



Carbon accountability

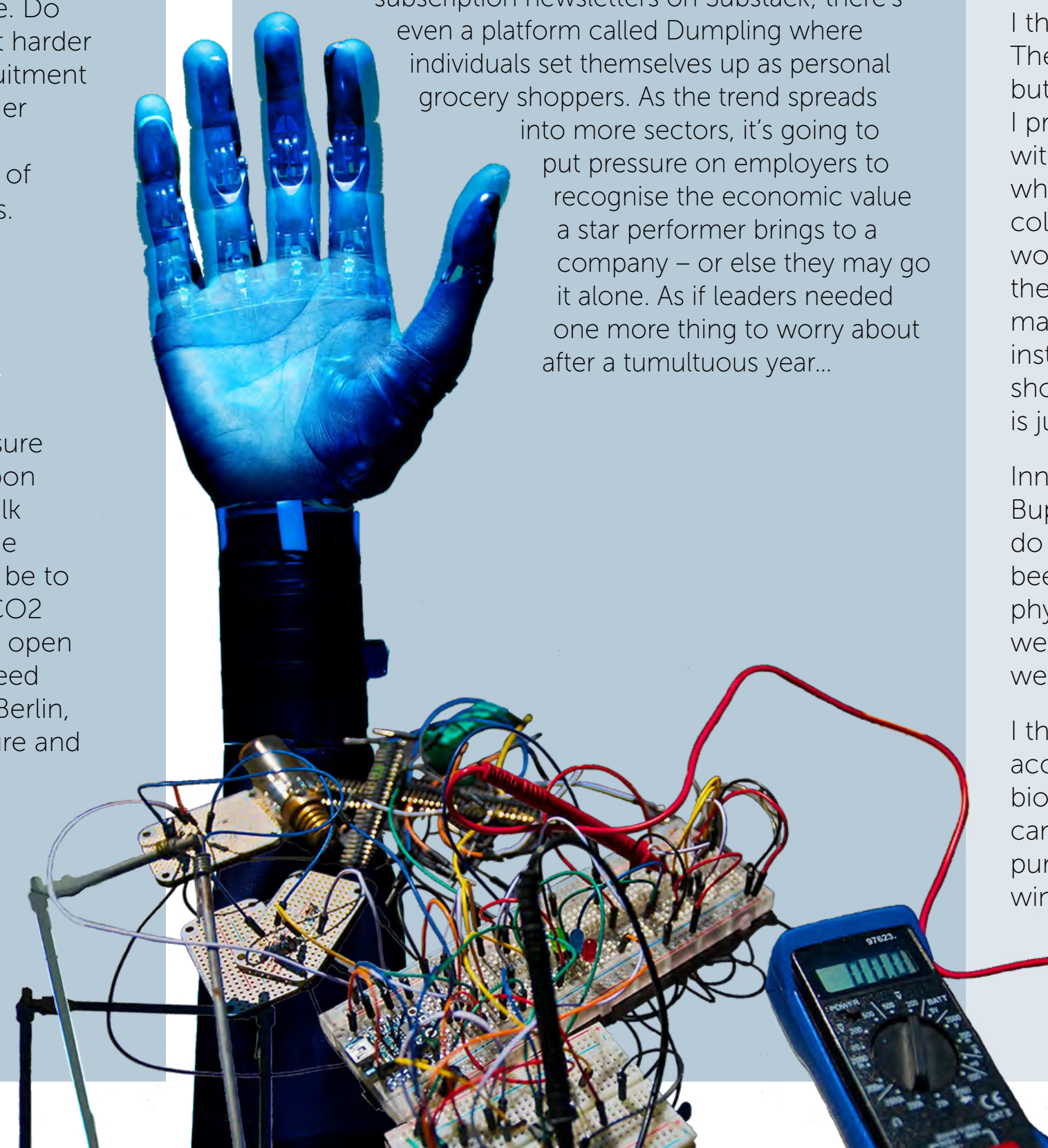
In 2021 you will come under greater pressure from your staff to contribute towards carbon neutrality, as employees expect you to walk the walk on sustainability. You can't change what you can't measure so a first step will be to audit your organisation's contribution to CO2 emissions, and you will be expected to be open and accountable. Luckily there's a new breed of climate-tech startup, such as Plan A in Berlin, that will help you comprehensively measure and reduce your company's emissions.

5



The passion economy

Remember the gig economy? Now get used to the passion economy. A swathe of new online skills marketplaces are enabling individuals to earn a living by trading on their personal reputation. It's like eBay or Etsy, but for monetising workplace skills and passions (hence the trend's name) in new ways. Teachers are selling coursework on platforms such as Kajabi, Teachable and Podia; journalists are making six-figure incomes by writing subscription newsletters on Substack; there's even a platform called Dumpling where individuals set themselves up as personal grocery shoppers. As the trend spreads into more sectors, it's going to put pressure on employers to recognise the economic value a star performer brings to a company – or else they may go it alone. As if leaders needed one more thing to worry about after a tumultuous year...



PRACTITIONER VIEW

Nigel Sullivan
Chief People Officer
Bupa

David spoke at Bupa's global HR forum in 2019 and he was great. Unlike quite a few in this field he has hands on experience of disruptive technological innovation and knows personally many of the start-ups he writes about – so I always take what he writes with some weight and a lot of credibility. However, that's not to say that I necessarily always agree with him!

I think it's a bit too early to call the decentralised workplace yet. There has clearly been a shift, particularly for office based folks, but how profound and permanent it will be is yet to be seen. I prefer to think of this as more of a 'hybrid-hybrid' situation with workplaces being areas to bring your work to, as much as where you do your work from. In this scenario it's more about collaboration, innovation, socialisation, team-work, and a hybrid work setting with the right space to accommodate this. Then there's the hybrid style of working which sees employees spend maybe two to three days per week at home or in a workplace instead of being in the office 9am-5pm Monday to Friday. We should also spare a thought for those workers where much of this is just not possible at all given the nature of their work.

Innovation acceleration is exactly what we have experienced at Bupa, and it has been incredible. It's what we were planning to do but the speed, the scale and the 'one-way' nature of it has been staggering. For example, in Spain we went from 300 online physician consultations a day to over 5,000 a day in a matter of weeks. This will only continue in scale and sophistication of what we can offer our customers.

I think David is also absolutely spot on to call out carbon accountability. There are clear links between climate change, biodiversity and therefore health of our species and all others. It can no longer be ignored or green-washed. Companies with social purpose and sustainability at the heart of their strategies will be the winners in the long-term as the best talent will demand this is and vote with their feet as will customers with their wallets.



Peter Boreham
| UK and
European
Practice Leader,
Executive
Reward | Mercer

REMUNERATION AND CORPORATE GOVERNANCE

The immediate agenda

The Covid-19 crisis has created many significant challenges for businesses. Admirably, most are pivoting rapidly to flexible working arrangements, improving their digital engagement with customers and adapting the mix of products or services offered.

Similarly, HR/Reward professionals and Remuneration Committees are having to be nimble in rewarding both top executives and the wider workforce in ways that are internally and externally defensible. Some of the key factors they will need to consider over the next three to nine months are as follows.

There is no playbook. Most incentive and reward structures are not designed to handle the level of performance volatility and stakeholder impact triggered by the Covid-19 crisis. Companies will need to take flexible approaches, potentially taking into account a wider set of factors and more use of discretion.

It's a multi-speed world. The pandemic has impacted sectors and companies very differently. We expect to see the general level of incentive payments and salary increases

to be down relative to last year; we also expect to see much greater variation between companies. And many businesses face dilemmas about how to deal with internal relativities fairly where the impact of the virus has varied between divisions or regions.

It's a tough time to be a CEO. Investors will be scrutinising CEO reward particularly closely. The general principle articulated by shareholders and supported by most Boards and management teams is that the CEO and other disclosed executives should be treated no better than other staff. The consensus is that rewards should take into account furloughing, redundancies and government support as well as more predictable considerations like the shareholder experience. In this context, investors are more likely to accept, for example, a bonus or salary increase for the CEO where this is part of an initiative that applies to most or all staff. By contrast, investors have made it very clear that 2018-20 long-term incentive targets for Executive Directors should NOT be adjusted. However, several clients are taking more flexible approaches for executives below the Board.

Performance focus. The pandemic has raised short- and long-term challenges and opportunities for businesses. This may imply a nimbler approach to selecting incentive targets: either tactical (conserving cash or maintaining market share), strategic (repositioning the business to take advantage of new opportunities or the weakness of competitors) or pragmatic (more use of relative measures or time-vested shares to mitigate unpredictability). Encouragingly, most investors are taking a reasonably flexible line on how future incentives are operated (in contrast to a harder line on in-flight plans).

The 12-18 month agenda

Getting motivation and engagement back on the agenda. Many Remuneration Committees are understandably keen to avoid significant 'against' say-on-pay votes. However, there is a danger that the governance becomes the only lens through which top pay is considered at the expense of ensuring it is retentive, motivating and aligned to business priorities. As and when we emerge from the current recession, some Committees may turn their attention to this issue.

A wider view of performance. We are already starting to see a significant uptick in the use of Environmental, Social and Governance (ESG) measures in executive incentives. This is now a requirement in France and Germany and many of our UK clients are planning to implement such measures in the coming two years. The approach varies by sector with traditionally 'dirty' industries and



manufacturers focusing on environmental and safety factors, consumer companies looking at the customer experience and how environmental responsibility can be part of the customer value proposition, and almost all companies looking to reduce carbon emissions. Most companies are taking a low-risk approach with a weighting of up to 20% and are more likely to introduce ESG into the annual incentive rather than locking in three year targets in the LTIP.

Rewarding home workers. Most sectors are expecting to see continued significant use of homeworking with 30% of Mercer survey respondents saying at least 50% of their workforce will be based mostly at home. What does this mean for the consistency and structure of reward?

- We are seeing some organisations look at simplifying their approach to **salaries** and removing any regional weightings they may have historically provided. Why pay London rates for a job that can

be/is being done elsewhere? With some high-profile exceptions (e.g. Facebook) this is likely to be looking forward rather than taking anything away from current employees. However we do expect to see more variation in pay levels and increases, with pay bid up for scarce digital skills and stagnating in some areas where there is labour over-supply.

- With homeworking extending longer than many organisations initially expected, we anticipate a growing emphasis on **equipment (technology and furniture) and physical wellbeing**. As an employer, what do I need to provide for employees working from home (either significantly, partially, or full time)? How much should I contribute towards this versus what should the employee pay given that both employers and (most) employees

are likely to enjoy net savings from home working?

- For most companies office costs will be a top three expense, and therefore lots of organisations are **reviewing the size and locations of offices** to see if they can be downsized, closed or relocated. Can current buildings be adapted or enhanced to facilitate more collaborative spaces that are adaptable to the changing numbers of heads on a day-to-day basis?



PRACTITIONER VIEW

Richard Windmill
 Group Reward Director
 Nokia

Peter's comments really resonate with what we are experiencing at Nokia. At senior levels the definition of performance and alignment with shareholders' experience is highly relevant. There seems to be a real sense from the investor community of taking a more holistic view of performance, including an ESG metric, but in a positive way. At Nokia we view this as a way to make sure we remain relevant to our customers, particularly with metrics like carbon footprint, and supporting our customers to be more efficient and sustainable in the future. On a wider workforce basis, the whole concept of going into the office and managing real estate costs is of course relevant. We see this bringing a multi-dimensional challenge – ensuring employee welfare and engagement while having the opportunity to employ people more flexibly. This is alongside the challenge of managing a wider variety of locations and the turbulence in local labour markets as geographic separation becomes less of an issue. Understanding how far Silicon Valley budgets will reshape labour rates in far-flung markets remains to be seen, but now that the big tech companies have clearly learned to adapt, the need 'to be in the valley' is not as singular as it once was. We are expecting it to become easier for the global players to hire where the real talent is (not just in Silicon Valley). Taking that financial firepower with a new, more geographically flexible operating model could well see some disruption in less obvious labour markets and locations. We are also seeing a faster-changing world and the need to pay for current and emerging skills changing more quickly. The need to move from role-based pay to skill-based pay, and benchmarking, is starting to build and the availability of AI offers opportunities to build market intelligence in different ways.



Neil Hurst | UK
Practice Leader,
Reward and
Talent | Mercer

EMPLOYEE BENEFITS PRIORITIES

1 Cost and Sustainability

- A continued focus on the cost vs perception value of benefits packages, including ongoing cost containment measures.
- Evaluation of the relevance of certain benefits (e.g. cars, travel allowances) in the new world of work.
 - Awareness of the consistency of the overall cost base linked to profitability.

2 Link to Values and ESG Goals

- Purpose and sustainability are to feature more prominently as part of a broader Employee Value Proposition.
- DE&I and LGBT+ considerations should be seen as drivers of change. This includes new options under PMI plans and support for parents (not just around the birth or adoption of their child, but thereafter, particularly regarding remote working and the extra conflicts at home).
- Wellbeing will become increasingly intrinsic to benefits plan design. Paying it lip service is no longer an option, particularly in light of Covid-19.
- A rethinking of benefits for a remote working population. Organisations shifting the investment in office facilities to support for those working at home e.g. virtual GPs and rethinking office benefits as places for collaboration.

3 Personalisation/ Individualisation

- Increased flexibility and personalisation for multiple generations and value systems. Whilst this is nothing new, we might possibly see better eldercare cover.
- Greater emphasis on leave plans, possibilities include unlimited paid time off, sabbaticals or career breaks.
- Study support for employees, to support the future skills and reskilling agenda.



PRACTITIONER VIEW

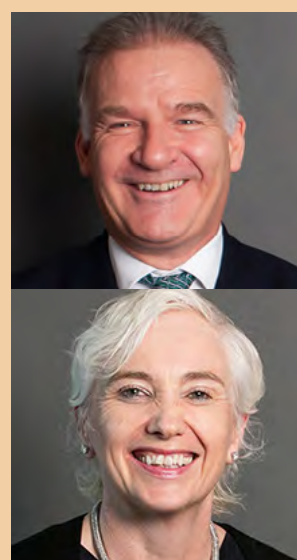
Richard Windmill
Group Reward Director
Nokia

While the Covid-19 pandemic has brought disruption and tragedy to many over the last year, it has also offered us the opportunity to look at things we would not have dared tackle in the past. Ideas that sat in the 'too difficult' box don't seem so challenging after all. The reminder of a need to look out for one another has indeed refreshed the sense of purpose, and for us at Nokia the theoretical concept of 5G became critical in providing the backbone of remote working.

The focus on a common threat has also brought a sharpened focus on responsibility and the role we and other companies play in society. We've all recognised that health is paramount and priceless, but the level of disruption and change impacting our societies and our workforce brings with it a real need to recalibrate how to support our colleagues and their families in adapting to the new environment. It's not entirely altruistic – there is a need to ensure that we meet our customers' needs and remain productive, but it is done with a genuine sense of higher purpose and a drive for wellbeing.

On a more operational level it also brings a reshaping of the traditional benefits package. For example, travel loans and car benefits (which have largely sat in the drive for nine months) look set to get a shake-up that will potentially continue for two to three years as charges and the need for transport and public transport will undoubtedly change.





Ian Hunter |
Partner, London
& Co-Head of
International HR
Services | Bird &
Bird

Pattie Walsh |
Partner,
Hong Kong,
International HR
Services | Bird &
Bird

EMPLOYMENT LAW AND POLICY

Five things HR Directors should know about Employment Law and Policy:



1 Employment laws are likely to change to reflect new working realities

They will also adapt to meet the shift in expectations of employers from society and staff that the workplace reflects the rapid societal changes. The trend towards atypical working has accelerated and employment laws have not kept pace – even before Covid-19 the Taylor report in the UK indicated that a rethink was necessary with regard to the legal protection for those in work. This rethink is likely to be more extensive as a result of the pandemic. Home working and rapid digitalisation in some sectors is likely to lead to new health and safety rules (with particular regard to protecting mental health), right to work from home regulations and more protection for casual workers against dismissal as the threat of redundancy increases.



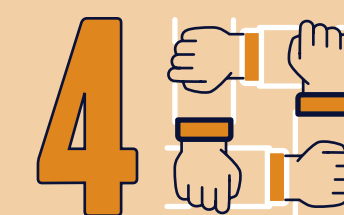
2 More employee class actions

We are starting to see more employee claims backed by well organised and focussed group litigation funds. They are moving onto the ground traditionally occupied by Trade Unions and their favoured law firms. Typical group claims include Holiday Pay, Equal Pay and Data Privacy claims. The potential claims could run into hundreds of millions. It is important to think now about the degree of compliance and non-compliance and the strategy to adopt. Such claims may become a significant factor when conducting due diligence on major acquisitions.



3 Employee activism is growing

Employees increasingly have the ability to organise and communicate virtually. Employers will need to think about the best strategy to deal with such activity. This will involve a complex balance between providing space for open debate and employee engagement demanded by the top talent and protecting the business and its reputation. Policies and practices from social media to codes of conduct and response plans when things go wrong will be key priorities.



4 Diversity and Inclusion will remain at the top of the agenda

Developing global policies which comply with differing, and in some cases conflicting, legal and cultural norms across the globe will be a challenge – but one which must be addressed in the battle to attract and retain the best talent. The challenges of collecting and managing data in this area will be only one aspect of the ever-increasing issue of HR data and its strategic importance to the business.



5 Protection of intellectual property

Trade secrets and the protection of the business and its intellectual capital will be even more important in challenging and changing times. The combination of the rapid switch to home working for so many employees, working across locations and often using personal workarounds well outside of IT policy, and the heightened need to protect the business and its market position will bring this into greater focus. Much more attention will be directed at ensuring that intellectual property rights in the form of patents, trademarks and copyright, are fully protected with increased needs to train, audit and enforce critical rights.



Steven Toft
| Director |
Firebrand
Consultancy

THE WORLD OF WORK IN THE 2020s

In 2020 we experienced unexpected disruption which has affected the entire world economy. However, the forces that were affecting employment before the pandemic haven't gone away. These underlying trends, combined with the scarring effects of the pandemic, will shape the global labour market over the next five years. We believe the following factors will have the most significant impact on employment.

An ageing population

The median age of the global population is rising. In most countries, the working age population will shrink as a proportion of the population over the next decade. In some economies it will shrink in absolute terms.

- Working age (15-64) share of the global population peaked in 2014 and is now on a downward trajectory (World Bank)
- Proportion of the workforce aged 50-64 rose from 20% to 28% between 2000 and 2015 (Mercer)
- Ageing process is most advanced in North America, Europe and Japan but is taking place at speed in some Asian and Latin American economies e.g. Brazil, South Korea, Thailand
- Global nature of this phenomenon means immigration will only be a short-term fix

"We are not just looking at a war for talent, our research indicates that there will be a labour shortage – quite simply a shortage of people available to do the work." **MERCER**

Recommended further reading



[Agile Talent:](#)
[How to Source](#)
[and Manage](#)
[Outside Experts.](#)

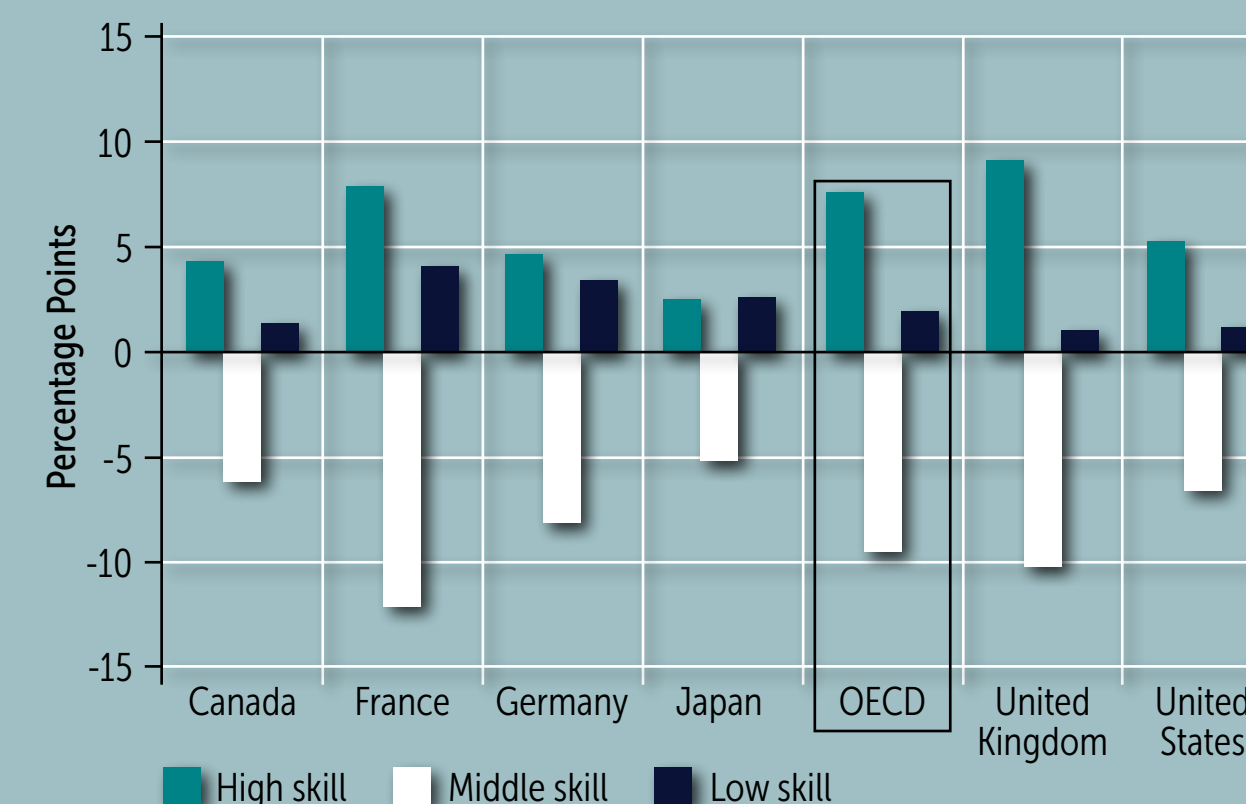
WEBINAR

[7 Ways HR Can](#)
[Build a Fairer,](#)
[Data-Informed](#)
[Culture.](#)

ARTICLE

Job polarisation by country

Change in share of total employment by skill level, 1995-2015



Source: OECD Employment Outlook 2017; European Union Labour Force Survey; Labour force surveys for Canada, Japan and the United States; and OECD calculations

A more professional workforce

- Across the high-income economies, the proportion of the workforce in professional, managerial and technical roles rose from 30% to 40% over the last three decades
- Over the same period, the number of workers in clerical and skilled manual roles declined
- This 'job polarisation' process looks set to continue, as the mid-tier jobs are populated by an older age cohort and are likely to be significantly affected by automation
- The impact of Covid-19 may speed up this process, as more companies need technical skills to help them shift to new ways of working





Employment rates likely to gradually, but not completely, recover

- Most advanced economies saw record or near-record employment rates in the late 2010s, driven by increasing female workforce participation

- Male employment rates have declined since the 1980s, reflecting the changing structure of the economy

- The impact of Covid-19 on employment levels is likely to be severe in the short-term – the OECD forecasts a rise in unemployment from 5% to 9%, rising to 12% in the event of the second infection wave we are now experiencing
- The longer-term impact is difficult to assess – the OECD expects a gradual recovery; the UK's Office for Budget Responsibility forecasts a return to near pre-pandemic employment levels by 2024-25

Skills shortages look likely

- Retirement of the 1960s baby bulge will see large sections of the population leave the workforce, taking their skills with them
- The IMF warns that it is unlikely that many of those displaced by automation will be able to re-skill quickly enough

- Evidence of effective re-skilling is scant – workers are slow to change industry or occupation and training makes little difference to their propensity to do so (Resolution Foundation)
- Displaced workers without degrees are more likely to move into lower skill jobs than to re-skill (OECD)
- Many economies may therefore find themselves with a simultaneous rise in unemployment and skills shortages at the same time

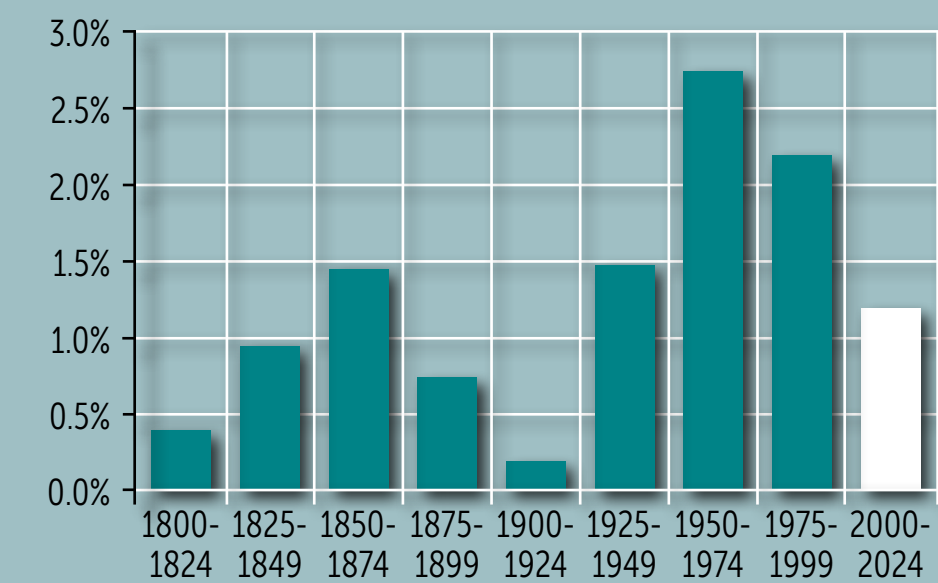
Pay is in the doldrums

- The OECD described the pay stagnation of the 2010s as 'unprecedented'
- Average pay levels have fallen further in most countries – where they have risen it is the result of low-paid workers being completely laid off
- OECD forecasts continuing pay stagnation, hitting low paid, part-time and self-employed workers hardest
- According to the UK's Office for Budget Responsibility forecasts, average annual earnings will not return to 2007 level in real terms until 2026 – two decades of pay stagnation

Productivity

- Recovery in the advanced economies was slow after the 2008 financial crisis
- UK per capita GDP is on course for 1% annual growth this quarter century, compared with 2.5% over the previous two

Average Real UK GDP Per Capita Growth



Source: Bank of England and Office for Budget Responsibility, (2018)

- Before the Covid-19 pandemic, the IMF and OECD were warning about a prolonged period of lacklustre productivity, described by the FT's Chris Giles as 'synchronised stagnation'

Conclusions

In our view, the most serious labour market challenges facing companies are the need to shift business models and ways of working in response to changing consumer behaviour and finding the skills to make that happen. In the light of demographic headwinds, increasing demand for technical skills and a hitherto poor record on reskilling, we believe the IMF's warning from 2018 of simultaneous skills shortages and high unemployment looks likely. Investment in employee development and the organisational ability to deploy technology is every bit as important as the technology itself. Governments and companies should focus on this as a matter of urgency.



PRACTITIONER VIEW

Michael Schulz
Chief People Officer
Puma Energy

In the context of Puma Energy, a mainly emerging market company the 'current' workforce trends are supplemented with an 'evolving' trend namely a transient, remote and gig economy and workforce for 'remote or hybrid' roles

- We have to completely change the paradigm of permanent, full-time, I-work-for-one-company-only approach
- We have to be able to attract and ultimately have talent performing from 'anywhere'
- We have to rethink what is 'core and contingent' capability on a global as well as local basis

Specifically the energy transition for us will require:

- 'New-skilling' a vast no-skills and low-skills workforce in our emerging market talent pools. We predict a positive emerging market dynamic which is unlikely to mirror the perceived OECD trend that displaced workers without degrees are more likely to move into lower skill jobs than to re-skill.
- Activating a much larger part of the female talent pool of the emerging market talent pools.

For this to become real, we need a major call to action in order to combine industry, education and government collaboration and align interests and priorities.



Dr. Jessica
Bigazzi-
Foster | Head
of Executive
Bench | RHR
International

FUTURE OF TALENT

As working adults, we devote significant time and energy to our companies. This has been true for generations and will be constant for the seeable future. What is changing, however, is the relationships we have with our employers and the relative importance of work versus life/family domains. Some of these shifts, outlined below, have significant implications for the ways companies manage careers and plan for leadership succession.



1 Aspirations

There was a time when it was not uncommon to hear long-term employees say they were “happy to go where they were needed.” It was a willingness to serve, tied to a commitment to a company. More common today is the expectation that an employee’s aspirations and preferences are at least as important as the needs of the company. This means that no talent card or succession profile is complete without a transparent understanding of the goals of the person.



2 Career VS Capability

Higher titles, more power, and increased compensation will always be attractive incentives, but increasingly so are personal growth and development. Vertical moves and career trajectories are balanced with a desire for more breadth and skill building. As the guarantees of long-term employment shrink, employees are increasingly aware of the experiences they are curating and the marketability of those skill sets. This trend complicates career pathing, where clean linear progressions were once easy to predict. As a result, cataloging growth opportunities will be as important as tracking compensation and job grade.



3 Balance, Mobility and Wellness

Gone are the days when career ambition was the primary influencer in the choices people made about their work lives. Working hard is good; however, neglecting our families and friends and compromising our own well-being is not. Looking back at retirement and wondering if the sacrifices were worth it is not something anyone looks forward to. For example, while international assignments remain a critical component to the development of leaders in global companies (and arguably all companies), we are increasingly aware of the toll these take on families and dual-career couples. The result is a complex web of work, life, personal goals, company needs, and opportunities, that requires careful navigation by both employees and their mentors, managers, and HR partners.



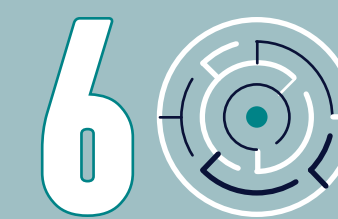
4 Purpose and Belonging

One of the most frequent characteristics cited about GenX is a desire for meaning and purpose in their work. We suspect this has actually always been true of the workforce, but older generations did not know or think to expect this from their work lives. Now, once their basic needs of being able to support themselves and their families are met, employees begin to look for more. They want a place where they can feel relevant, connected, and valued. They want to belong to something bigger. Job descriptions, for example, need to move away from sterile descriptions of capabilities towards vivid insights on how the role drives impact and connects to the mission. Managers and mentors need to create environments where employees understand their value and believe their voice will be heard.



5 Equal Access and Sponsorship

On the surface, talent processes are a set of structured processes and disciplines that lead to objective choices. In reality, they are shaped by a myriad of historical, interpersonal, and political dynamics, many of which advantage some groups of individuals over others. As our collective awareness of the value of diverse teams and the systemic issues that create disparity increases, companies are seeking new ways to solve an old and persistent problem. The solutions typically require a combination of objective external data; training to understand how bias influences decision-making; and explicit programs that increase exposure, support, and sponsorship for underrepresented groups.



6 Diversity of Paths

While certainly we were never uniform as humans in our aspirations and desires, a look back at antiquated company policies seemed to presume we were. Work and life are more unpredictable than ever, and access to information and options has made employees more informed and proactive in their own career choices. As a result, any practice that is meant to attract and retain key talent must account for this diversity of preferences. Healthcare menus, flexible benefits, self-service learning, and alternative career pathing are just a few of the trends that highlight a pivot towards employee-centered experiences. The bottom line of this, and all the trends above, is increased complexity and a greater need to understand our employees as whole and diverse individuals.

Recommended
further reading



*How to be an
Inclusive Leader*
WEBINAR

Be a Better Ally
ARTICLE





Jennifer Duvalier | Non Executive Director and Chair of Remuneration Committee | Mitie Plc

ROLE OF ORGANISATION IN SOCIETY

As much of the UK endures another coronavirus lockdown, the national conversation encompasses diverse topics of wellbeing and mental health, remote working, online schooling, support for businesses and aid for those at risk of financial or health insecurity. These seemingly disparate dimensions are connected by an invisible thread – the question of the role of the organisation in society.

‘Value’ and ‘Values’

The line between corporate ‘value’ and ‘values’, in the past sharply delineated as ‘hard, measurable financial value’ and ‘softer, intangible values’, has blurred over the past

few years. Companies have taken a broader view of their stakeholders, recognising the inter-dependency between businesses and their employees, customers, shareholders, suppliers and communities. The events of 2020, including Black Lives Matter, Covid-19 and Brexit, have brought these interdependencies into sharper focus and have challenged leaders to review their approach to engaging with an extended universe of stakeholders.

In the Boardrooms of the organisations where I am involved, the time devoted to consideration of wider stakeholder interests has grown and deepened. It has shifted from a periodic consideration of Corporate Social Responsibility, often in the run up to the publication of the Annual Report and Accounts, to an active, ongoing exploration of how corporate purpose is delivered in a way that benefits broader society. This pronounced change from a compliance mindset to a view of stakeholder engagement as an important driver of short and long-term success is set to become an important factor for leadership teams, and HR, to embrace.

Increasingly, investors are asking Boards and executive teams to prove how the businesses they run on behalf of shareholders are acting as a positive force in society, across environmental, societal and governance (ESG) dimensions. Some large investors are directly linking their voting policies on corporate resolutions to corporate policies and disclosure on ESG dimensions. As Chair of a plc Remuneration Committee, my recent experience consulting with shareholders in the US and UK on proposed changes to executive remuneration arrangements showed a far greater interest in corporate culture, equality and diversity, and environmental considerations than in the past. This trend is of course positive and set to grow, not least because of the requirement under section 172 of the UK



Companies Act for enhanced corporate disclosure of stakeholder engagement mechanisms.

While companies such as Unilever are well advanced in demonstrating their positive contribution to society, for most this is a work in progress. In a recent report on ‘Navigating the New World of Stakeholder Governance’ by Board Intelligence, 50% of Boards surveyed believe that Covid-19 brought their commitment to stakeholders into focus. The survey found purpose-driven organisations nearly three times more likely to focus on their stakeholders as a result of the Covid-19 crisis than companies who didn’t identify as purpose-driven.

HR’s role

HR has an important role to play in linking corporate purpose with contribution to society, enabling dialogue across the organisation to define key internal and external stakeholders and areas for exploration. For example, the opportunity for the company to review its suppliers and support local communities to access under-represented employees and customers, or the chance to redefine its leadership capability frameworks and programmes to emphasise purposeful business. Beyond shareholder metrics, consider what stakeholder metrics (employee, supplier, community, environmental) the company tracks and how often are these discussed by leadership teams. How are these factors incorporated into key people processes, such as performance management, reward and promotion?

Moving beyond words to action, measurement and impact is key, and those companies that embrace their role in society as a source of competitive advantage will be those whose reputations, values and value are enhanced in the post Covid-19 world.

Recommended further reading



When Efficiency Goes Too Far,

PODCAST

Do the U.S.’s Big Four Tech Companies Have a Vision for the Future?

ARTICLE



Professor David Bach | Strategy and Political Economy, Dean of Innovation and Programs | IMD Business School

THE FUTURE OF CORPORATE LEARNING

1 Embeddedness

Embeddedness will be a defining feature of corporate learning in the future. Research has shown that embedding learning in participant's professional practice is critical for both impact and return on investment.

2 Technology

Technology will play a critical role in enabling embedded learning. With the adoption of technology:

- Learning can be organised in smaller, more digestible units
- Learning can be staggered over time to foster absorption and real-time application
- Group size can vary along the learning journey as home teams join exercises and activities
- Learning can be personalised and tailormade for individual learning journeys
- Professional practice is no longer distant and instead provides the omnipresent context for learning.

3 The Coronavirus Pandemic

The coronavirus pandemic has demonstrated how much we can achieve with technology when faced with no other option. As corporate clients and individual learners have settled into new work routines, learning has been swept up in a digital-first moment, with faculty embracing digital tools. Prior to the crisis, few top business schools had embraced online learning and many corporate clients were sceptical of the value and effectiveness of purely online journeys. What both sides have now discovered is that technology, can not only deliver the same impact as traditional face-to-face design, but that it relaxes several prior constraints highlighted in section two.

Conclusions.

Gone are the days when executives would go away to attend a residential programme and bring back a set of take-aways. Although the campuses of top business schools will remain critical assets for corporate learning, ready to welcome groups when appropriate, 'getting away from work to learn' will no longer be the default. Instead, world-class, faculty-led learning in engaging, interactive group settings will be just one click away.

Recommended Further Reading



Covid-19 Heightens the Leadership Gap, WHITE PAPER

Keep Your People Learning When You Go Virtual, ARTICLE





Mike Haffenden
| Director |
Corporate
Research Forum

Melissa Bates
| Membership
Engagement
Manager |
Corporate
Research Forum

LAST WORD

The intention in putting this briefing together is to offer HR Directors an accessible composite of the major influences which will shape our activities. It is our first attempt in what we intend to be an annual issue. Comments and suggestions gratefully received.

We've tried to address these matters in our forthcoming CRF and PARC programmes, which are outlined in this document. As ever our plans are based on researching and delivering practical recommendations to contemporary business issues.

As you will see we have responded to changing circumstances by providing top-class information in a different way. We're missing face-to-face discussion but are establishing new 'communities' which will augment our reports and online meetings.

Thanks for your continued support.



INTRODUCING DIGITAL COMMUNITIES

To complement our programme of research, webinars and events, in 2021 we will be launching four Digital Communities. In 2020, we have seen the value of regular exchange in developing capability and enhancing performance, despite the difficulties faced in attending physical events. Our new Digital Communities enable us to be agile in responding to your priorities as they arise throughout the year.

Our HR Director Community will deliver a curated mix of regularly updated content, webinars, expert-led insight and facilitated peer exchange within a confidential environment built on trust and the desire to share and develop.

Join our HR Director Community by emailing communities@crforum.co.uk

 **HR Directors**



 **HR DIRECTORS**

 **OD, Culture and Change**

 **Talent, Leadership & Learning**

 **Diversity, Inclusivity & Wellbeing**



2021 CRF PROGRAMME



WATCH 2021 PROGRAMME INTRO



EVENTS SCHEDULE AT A GLANCE

HR Directors' Briefing	By Invitation Online Briefing with Discussion Paper	Wednesday 20 January	Online	
Delivering Value Through Mergers and Acquisitions: HR's Critical Role	Online Masterclass and Research Paper	Tuesday 9 March	Online	
Strategic Workforce Planning: Unlocking Future Capabilities to Drive Business Success	Online Masterclass and Research Paper	Thursday 15 April	Online	
Reinventing the Business Model: Leading in the New Landscape	Masterclass hosted at IMD Business School with Discussion Paper	Tuesday 18 – Wednesday 19 May	Lausanne	
The Organisation Development Symposium – Improving Agility, Analysis, Learning and Action	Live-Streamed Masterclass	Thursday 10 June	London and Online	
Design Thinking for HR Leaders	Two-Day Residential Workshop	Tuesday 29 – Wednesday 30 June	Greater London	
Education: A Manifesto for Change	Live-Streamed Summer Lecture and Drinks Reception	Thursday 8 July	London and Online	
Leading for Reinvention	Masterclass with Discussion Paper	Thursday 2 September	Stockholm	
Building a Future-fit Workforce: Reskilling and Rethinking Work	Live-Streamed Masterclass and Research Paper	Tuesday 21 September	London and Online	
Building and Sustaining Great Organisations	Live-Streamed International Conference	Monday 11 – Wednesday 13 October	Athens and Online	
Beyond Engagement: Creating a Purposeful Employee Experience	Masterclass and Research Paper	Tuesday 2 November	Amsterdam	
HR Directors' Dinner: The Year Ahead	By Invitation Members Dinner	Tuesday 24 November	London	

parc

2021

PROGRAMME

PARC 2021 EVENTS

THE NEW REALITIES OF GLOBAL TRADE	Webinar and Online Group Discussion Tuesday 26 January
ONLINE PEER EXCHANGE 1: WORKING FROM HOME – THE REWARD IMPLICATIONS	Online Peer Exchange 1 Wednesday 17 February
DELIVERING VALUE THROUGH MERGERS AND ACQUISITIONS – HR'S CRITICAL ROLE	Webinar and Online Group Discussion Tuesday 9 March
FAIR REWARD POLICY – WHAT DOES IT MEAN AND HOW IS IT CHANGING?	Live Panel Discussion Wednesday 24 March
EMPLOYMENT POLICIES – WHAT WE NEED AND WHY WE NEED THEM	Afternoon Meeting, London Wednesday 14 April
STRATEGIC REWARD SKILLS MASTERCLASS	Two-Day Residential, Windsor Wednesday 12 – Thursday 13 May
ONLINE PEER EXCHANGE 2	Online Peer Exchange 2 Wednesday 19 May
WHY ORGANISATIONS FAIL – DO WE KNOW THE SIGNS AND CAN WE READ THEM?	PARC Conference, London Wednesday 2 June
EDUCATION – A MANIFESTO FOR CHANGE	Summer Lecture, London Thursday 8 July
MEASURING FINANCIAL PERFORMANCE	Afternoon Meeting, London Wednesday 14 July
ONLINE PEER EXCHANGE 3	Online Peer Exchange 3 Wednesday 28 July
HOUSE OF LORDS LUNCH	Members Lunch, London Wednesday 8 September
BUILDING A FUTURE-FIT WORKFORCE TO DRIVE PRODUCTIVITY AND PERFORMANCE	Afternoon Meeting, London Wednesday 22 September
BUILDING AND SUSTAINING GREAT ORGANISATIONS	International Conference, Athens Monday 11 – Wednesday 13 October
ECONOMIC UPDATE – 2022 AND BEYOND	Webinar and Online Group Discussion Wednesday 17 November
REVIEW AND 2022 PROGRAMME LAUNCH	Members Dinner, London Wednesday 1 December

CRF LEARNING PROGRAMME 2021

▶ INTRODUCTION TO CRF LEARNING ON DEMAND



	THE PROGRAMME	DATES AND LOCATION	COST PER ATTENDEE
OPEN PROGRAMMES	HRBP – BUSINESS CATALYST	<i>Two-day online:</i> Online 18-19 March	£1,800 CRF members £3,600 Non-members
		<i>Two-day residential:</i> Greater London 26-27 October	£1,450 CRF members £2,900 Non-members
	DISRUPT OR DIE	<i>Five consecutive mornings AND faculty hour:</i> Online 19-23 April AND one week later	£1,650 CRF members £3,300 Non-members
	BECOMING AN EFFECTIVE HRD	<i>Two-day residential plus action day:</i> Greater London 7-8 June AND 15 July	£2,750 CRF members £5,000 Non-members
	ASPIRING GROUP HRD	<i>3x two-day modules plus networking dinners:</i> Central London 28-29 September, 23-24 November AND 18-19 January 2022	£8,000 CRF members £15,000 Non-members
	INTEGRATED TALENT MANAGEMENT	<i>Three consecutive mornings AND follow-on:</i> Online 15-17 November AND 1 February 2022	£1,450 CRF members £2,900 Non-members
ON DEMAND PROGRAMMES	CREATING BUSINESS IMPACT THROUGH PEOPLE ANALYTICS	<i>Two consecutive mornings AND follow-on:</i> Online 7-8 December AND 8 February 2022	£1,350 CRF members £2,700 Non-members
	EFFECTIVE BUSINESS PARTNERING	<i>Courses completed at your own pace, in your own space:</i> Online Launching January 2021, flexible dates	
	INTEGRATED TALENT MANAGEMENT		
	BUILDING A HIGH-PERFORMANCE CULTURE		
	DEVELOPING AN EFFECTIVE REWARD STRATEGY		
	LEADING ORGANISATIONAL CHANGE		
	WORKFORCE ANALYTICS AND STORYTELLING		
			£249 CRF members £299 Non-members (Prices are for individuals, team pricing differs)





CORPORATE RESEARCH FORUM

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Already a CRF member?

...and would like to further optimise your membership, please contact **Melissa Bates**, Member Engagement Manager.

Not yet a CRF member?

...and wish to find out more about membership benefits, please contact **Richard Hargreaves**, Commercial Director.