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Future of Work Series | Reimagining Workforce and Workplace Mechanics: How Will the Work Be Done?

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Introduction

The COVID-19 pandemic has been an event of unprecedented proportions, with the world experiencing a complete collapse of supply chains, businesses, and industries, as social distancing norms and global lockdowns were implemented around the globe. Healthcare systems were overburdened, unemployment increased, and cashflows disappeared – all in the span of a single year.

2021 started on a more optimistic note, with the expected availability of vaccines. While major economies such as the US, the UK, and the European Union inoculated large parts of their adult population, many regions including the UK, Europe, and South Asia experienced severe second/third waves of infection.

2022 ushered in new chaos, a race for a critically scarce resource – talent. The Great Resignation led to an unprecedented gap in the demand and supply for workers across the board, disrupting almost all industries, across the globe.

Organizations worldwide have had to overcome unforeseen challenges to sustain business activity in the last two years. American author and crisis management expert Judy Smith once said, “There’s always an opportunity with crisis. Just as it forces an individual to look inside himself, it forces a company to reexamine its policies and practices.” Given these drastic events, there is an increasing need for organizations to relook at their workforce and the mechanics of work and the workplace afresh.

This report is the third in a series of three reports on the future of work. The research leverages existing intellectual property and data from a survey of 200 senior HR leaders across various geographies, industries, and organization sizes. In this study, we examine three key questions confronting the workforce and workplace mechanics:

- Where will the work be done?
- Who will do the work?
- How will the work be done? **(covered in this report)**

As organizations look at ways to grow their businesses in a post-pandemic landscape, HR leaders will need to be at the forefront of work management efforts. This research provides practical advice for HR leaders and organizations on how to navigate the next normal for their organizations.

Disruptions in work and the workplace

The COVID-19 pandemic leapfrogged technology advances and disrupted the landscape for the future of work. In the previous studies in this series, we looked at some of the evolving enterprise needs; in this report, we focus on two more disruptions that will shape workplace mechanics in the next normal:

- **The towering crisis of employee skilling:** Enterprises are facing a dearth of individuals who can take on next-generation roles that have been created in the last half decade due to the rapid growth in technology. A significant portion of the current and incoming workforce is not well versed in technologies of the future, such as Robotic Process Automation (RPA), Artificial Intelligence (AI), and web3. With the addition of low-code platforms, blockchain, decentralized finance, and virtual reality to the technology space, enterprises are looking at plugging the skill gaps through upskilling and reskilling initiatives. Employers and employees must now prepare for roles that have either just arrived or are yet to be conceptualized
- **Digital augmentation of the workforce and the workplace:** The pandemic exposed intrinsic vulnerabilities across businesses and kicked off a digital revolution that has transformed the workplace and the workforce. Increased automation and a digital-first approach to workflow management have shaped a new status quo of how work will be done in the next decade. The new tools and technologies, coupled with a rise in remote working, have compelled organizations to reimagine and re-engineer their processes

Workforce design principles for the future of work

The pace and impact of the pandemic-induced changes make it imperative for organizations to radically relook at their workforce and workplace mechanics to answer the following questions:

- Where will the work be done?
- Who will do the work?
- **How will the work be done?**

We answered the first two questions in our previous studies in this series. In this report, we answer how the work will be done.

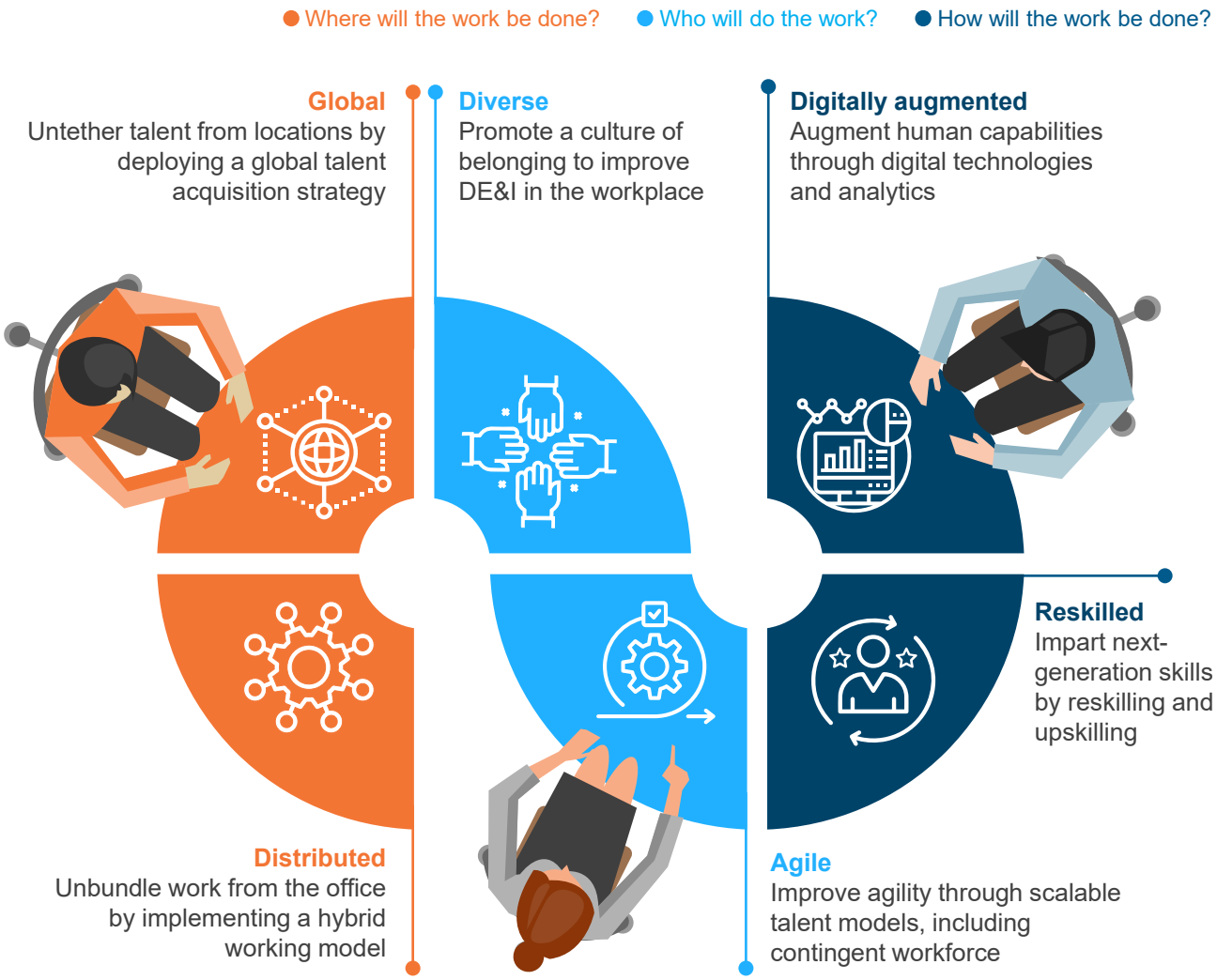
The pandemic exposed intrinsic vulnerabilities across businesses and kicked off a digital revolution that has transformed the workplace and the workforce.

To operate in a post-pandemic future, organizations need to create a future-ready workforce using six design principles, as depicted below.

EXHIBIT 1

Six design principles to create a future-ready workforce

Source: Everest Group (2022)



The next-generation workforce will be distributed, global, diverse, agile, reskilled, and digitally augmented. In this research, we explore how this skilled and augmented workforce will be created through a focus on employee development and productivity-boosting technologies.

Creating a skilled workforce: rebuilding employee capabilities

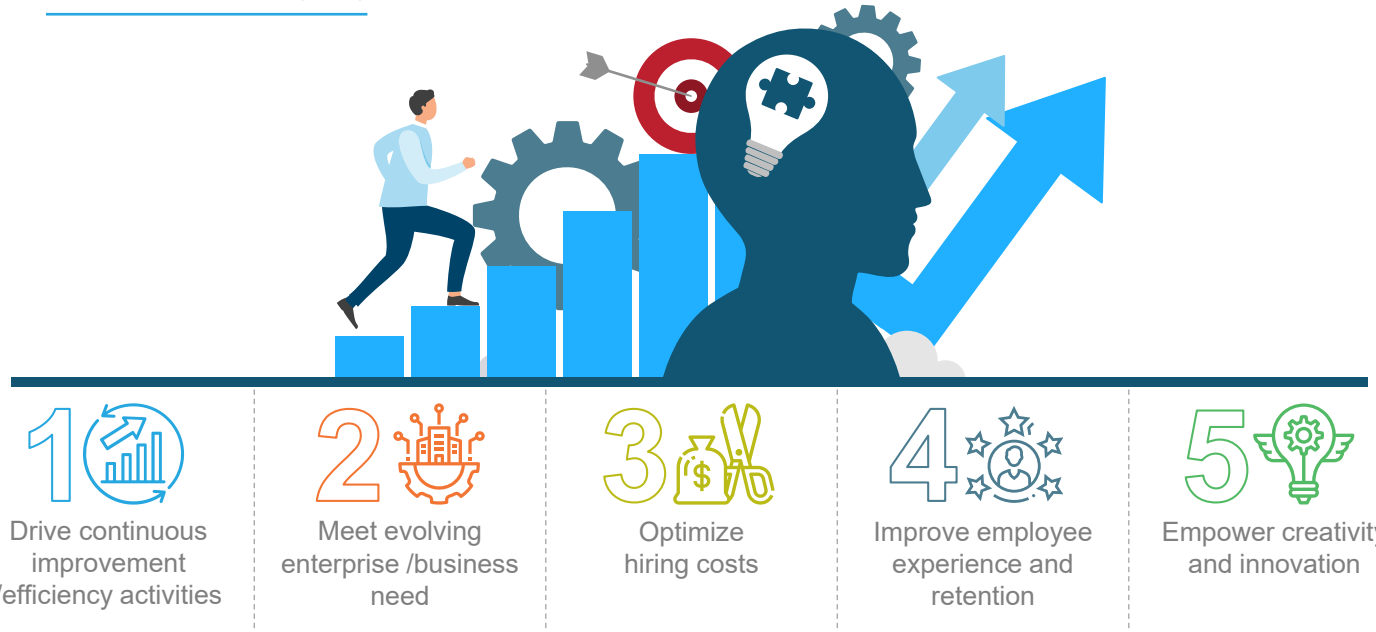
Five major organizational goals have been driving employer and employee focus toward skilling, as depicted below. 83%[1] of enterprises have already increased their emphasis on employee skilling efforts over pre-pandemic times.

1 Source: Future of work survey, Everest Group (2021)

EXHIBIT 2

Top five drivers of skilling initiatives

Source: Everest Group (2022)



A playbook for creating a skilled workforce

Organizations can future-proof and upskill/reskill their workforce through a four-step process:

1. **Understand the changing nature of skills**

   The shift from the Information Age[1] to the Imagination Age will require employees to strike a balance between skill sets, as described below, to be future-ready

   - As automation technology starts to take over redundant and repetitive tasks, employees with soft skills will become more important for enterprises. With organizations becoming flatter and an increase in cross-functional collaboration, it has become critical to develop soft skills. Research indicates that making the right investments in soft skills development can deliver a whopping 256%[2] ROI. The most sought-after traits by employers are communication and interpersonal skills, problem solving capabilities, and innovation and agility
   - The technical skill gap is expected to further increase in the coming years, spurred by the ever-rising pace of technology advances and the emergence of new role categories (such as green-collar jobs[3]). As employee roles pivot from tedious and repetitive tasks to more strategic engagements, hard skills[4] are becoming crucial for business growth. The rising need for hard skills is predicated on keeping pace with emerging production methods, which are becoming more substitutable by the day. Organizations are finding it hard to get right-fit employees from universities, as college curriculum is largely rigid and slow changing, impeding students from keeping pace with evolving technology

1 The next period in industrial evolution, in which creativity and innovation will become the primary creators of economic value
2 Source: The Skills to Pay the Bills: Returns to On-the-job Soft Skills Training by Achyuta Adhvaryu, Namrata Kala & Anant Nyshadham, NBER, February 2018
3 A new class of jobs that directly contribute to preserving or restoring environmental quality
4 Hard skills are specific abilities, or capabilities, that an individual can possess and demonstrate in a measured way

2. **Define skill maps and taxonomies of the future**

   It is crucial for organizations to stop, assess, and chart current and future business requirements. Identifying relevant competencies in existing and prospective employees and designating them into clusters can facilitate effective skill mapping and smoothen the process. HR leaders need to adopt a progressively granular approach and breakdown jobs into the required capabilities and skills. While skills are standalone abilities of performing various tasks, capabilities represent bundles of skills that are needed to fulfil the demands of a role. Defining the skill map helps create an ideal persona and identify skill gaps in employees, thereby targeting skilling efforts in the most crucial areas to maximize the return on time and investment

3. **Identify challenges in the skilling journey**

   While there is increasing emphasis to upskill among organizations, they will need to overcome certain barriers to fully realize their skilling goals:

   - Resource limitations: Adequate allocation and proper utilization of L&D budgets help create the right environment of learning and skilling among employees
   - Reliance on one-size-fits all methodologies: Employees prefer a customized approach that allows them to structure learning around their schedules and learn according to their preferred learning styles
   - Emphasis on "out-hiring"[1] the skill gap: This inflates talent costs and increases attrition among employees looking for career growth opportunities
   - Industry-academia gap: The skilling curriculum needs to be carefully curated, focusing on contextual and industry-relevant education to enhance the employability quotient

4. **Design and implement an agile skilling program**

   This involves four steps:

   - **Identify and prioritize the right type of skilling:** Business leaders need to focus on two critical elements – reskilling and upskilling – to help employees strengthen existing knowledge in their core domains and acquire net new skills in adjoining competency areas. It is important to identify the type(s) of skilling employees will require, based on their current skill sets and desired career trajectories

1 "Out-hiring" refers to a sharp increase in hiring numbers, in an attempt to balance out the rising attrition rate

- **Determine the right skilling method/s:** A blended delivery model – which combines traditional classroom learning with online methods – can be greatly beneficial in instilling a culture of continuous learning. While soft skills are best learned through real-world interactions, online platforms provide flexibility and can be customized to the learner for job-specific skills. Online platforms also help reach more users, providing focused programs for all types of learning personas. Emerging trends in content consumption, such as short video formats, provide new modes of micro-learning through social media platforms (such as Instagram or TikTok)
- **Focus on imparting practical experience:** Employers should emphasize the project-readiness of workers as the desired outcome, going beyond traditional certification requirements. Industry-specific simulations or live projects are crucial to providing practical learning opportunities
- **Effectively monitor the program:** It is vital for HR leaders to benchmark the efficacy of the skilling program by devising new ways of measuring employee productivity, which has proven to be one of the most challenging aspects of the entire process. Almost 62%[1] of industry leaders agree that there is a need to relook at traditional productivity and achievement metrics. There is a need to develop a multi-dimensional framework that is aligned to an organization's Employee Value Proposition (EVP) and includes components such as career progression, rate of internal hires, and employee satisfaction

Creating a digitally augmented workforce: enhancing human processes

A digitally augmented workforce helps create a blended working model, in which human employees and technology share the ownership and execution of work. This not only boosts employee productivity, but also allows for more time to be spent on strategic engagements and creative thinking.

Organizations must also be clear about the distinction between digital augmentation of the workforce and replacement of the workforce. With the increasing use of technology, the landscape for human employees will not reduce but evolve in the long term. As technology starts to take over redundant and repetitive tasks, the importance of human intervention and skill sets will rise in interpretation- and strategy-oriented roles. The value of analytical skills and creativity will grow manifold. Both employers and employees need to realize that the purpose of digitalization is to support and amplify human contribution to the organization, not to minimize it.

A playbook for creating a digitally augmented workforce

To keep pace with a changing business landscape, organizations need to chart their digital augmentation journeys. The following four-step process could provide a starting point for organizations to kick-off digital adoption:

1 Source: Future of work survey, Everest Group (2021)

1. **Embrace a culture of digitalization**

   To successfully lead and drive any type of digital transformation, it is vital for organizations to embed a digital culture across the organization. This cultural shift requires getting buy-in from the leadership and changing mindsets across levels. Employees need to be informed and educated of the benefits of the digital workforce augmentation exercise. Organizations must also reassure them of the human-centric design of the evolving workforce. It is essential to involve employees and allay their concerns to ensure a smooth transition. Leaders should foster employee-led change at smaller levels to feed into the larger change effort

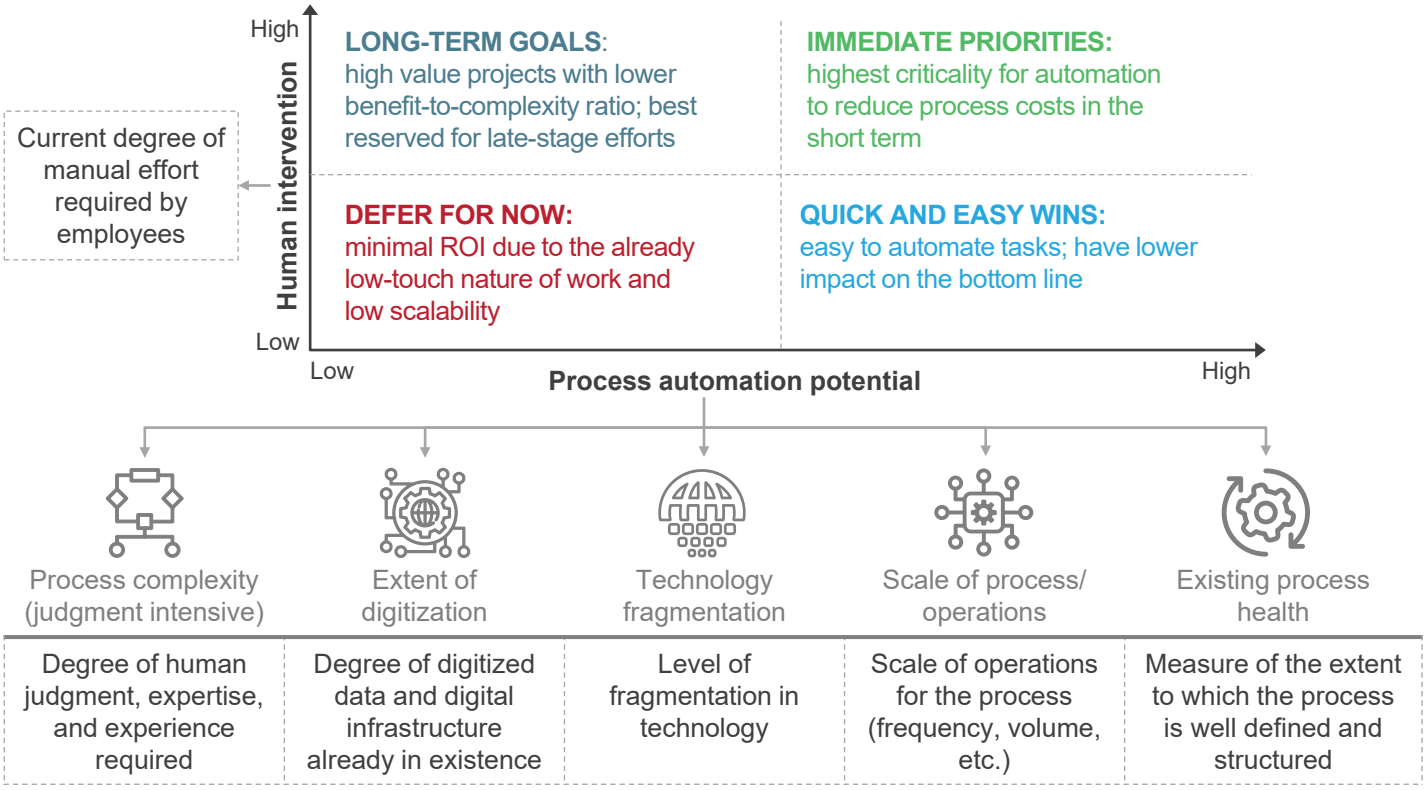
2. **Analyze the current state and identify suitable processes for technology augmentation**

   With technology leapfrogging in recent years, AI and automation tech are inching closer toward human dexterity and flexibility. The lines between which processes can or cannot be digitally augmented are getting blurred. Organizations need to assess their work streams and prioritize flows that can be automated with the highest benefit. Almost 55% of organizations have started redundant work analysis to identify areas/processes where work is being done sub-optimally. The following framework offers guidance on how workflows can be assessed and prioritized according to their suitability and urgency for digital augmentation

EXHIBIT 3

A prioritization matrix for digital workforce augmentation

Source: Everest Group (2022)



3. Anticipate challenges

Even though the pace of technology adoption has increased among the workforce, leaders continue to face the following challenges in achieving their digital transformation goals:

- Lack of company-wide strategy: In the absence of a deliberate, overarching vision for digital workforce augmentation, the onus of increasing employee productivity falls on function or cluster leaders (in nearly 40% of the cases). This leads to scattered, uncoordinated, and ungoverned use of technology across organizational silos
- Loss of potential revenue: The move to digitalization and automation does not come cheap. In addition to the upfront investment required, initial implementation is marked by confusion in process mapping and ownership structures. This may cause inefficiencies to creep in, leading to missed opportunities and heightened risks
- Organizational readiness: Digitalization can seem like a seismic shift to many, leading to rigidity, concerns around job losses, and the fear of the unknown. The lack of proper feedback channels can also make employees feel overlooked
- Availability of suitable and sufficient talent: Bringing digital transformation at a time of unprecedented talent shortages is an uphill battle. The lack of skills and practical experience to develop and manage smart automation solutions hampers the organizational ability to implement change

4. Design and execute a holistic strategy to enable digital workforce augmentation

- Create strong business cases and define a target state: Leaders should define the desired outcomes from digital augmentation, acknowledging that technology is an enabler of success and not the end goal. They should take a business-first approach by creating convincing use cases, with a focus on improving processes and workflows, to secure executive buy-in
- Assign clear roles and responsibilities: Designing a firm-wide solution is essential for organizational coordination and success. Key leaders should be identified who can spearhead the digitalization agenda and define a structure across all stakeholders and processes. Most often, it is the CEO/COO (32%) or business unit heads (34%) who drive this implementation[1]
- Invest in and implement the right technology: After ascertaining their current state of digital maturity, organizations should select the most appropriate solutions that align with their business strategies and accelerate the time to value. As organizations go further along the augmentation journey, they should deploy more advanced technologies, as depicted below, to reduce the need for human intervention

Leaders should define the desired outcomes from digital augmentation, acknowledging that technology is an enabler of success and not the end goal.

1 Source: Future of work survey, Everest Group (2021)

EXHIBIT 4

Key technologies along the data maturity scale

Source: Everest Group (2022)

High Low

Technology	Definition
Robotics	**Robotics** refers to an execution engine for processing rule-based tasks.
Optical Character Recognition (OCR) / computer vision	**OCR / computer vision** is a tool used to extract information from images and convert them into a machine-readable format. It utilizes descriptions, tagging, and domain-specific knowledge to identify and categorize content.
Process orchestrator / Business Process Management (BPM)	**Process orchestrator / BPM** is a set of workflow and process designing tools in which the business logic for optimized processes can be configured. It governs the process flow and routes work to the best worker (human or robot) based on the nature, type, and criticality of the task.
Analytics	**Analytics** refers to a suite of applications from worker performance tracking and process/business intelligence to diverse advanced analytics solutions, such as predictive, prescriptive, and big data analytics.
Machine Learning (ML)	**ML** is a core technology within cognitive automation. It is a vital capability needed to automate knowledge-based business processes.
Natural Language Processing (NLP)	**NLP** is used to build software robots that can parse or interpret natural human language and script responses to their queries in natural language.

Human involvement

Intelligence

- Define and track the right success criteria: Quantification of the achievement of digital workforce augmentation is challenging, but imperative to its long-term success. Managers need to identify and track the most suitable leading performance indicators, tied with objective business outcomes (such as ROI of technology or retention of top technology talent)

Activating a skilled workforce through digital intervention

When dealing with technology, organizations need to remember that change is the only constant. They need to adopt an agile approach to skilling and technology implementation, being mindful of the interplay between the two. While the relationship between skilling and digital augmentation might seem dichotomous at first glance, these two aspects are closely linked to each other. Technology interventions cause shifts in skill requirements, driving the need to reassess skilling strategies. So, organizations must create forward-looking learning strategies that equip their workforce to do jobs that exist now and those that may be created five years down the line, as AI and virtual reality permeate businesses.

A two-pronged approach of skilling and digital workforce augmentation is key to improving productivity and talent utilization in the workplace of the future. Workforce and workplace improvements need to go hand-in-hand to drive the necessary growth, scale, and agility that organizations wish to achieve.

Conclusion

The COVID-19 pandemic has given organizations a once-in-a-generation opportunity to reimagine their workforce and workplace mechanics. They should embrace this chance to reshape the future of their human capital by helping talent secure its position with the next evolution of skill sets. They can greatly amplify employees' contribution towards organizational success by fostering a human-machine symbiosis. Paradigmatic shifts in the fundamental questions of where, by whom, and how work will be done are already underway. Organizations which are able to successfully reimagine their workforce and workplace will be able to realize the full potential of their employees and exceed their business goals.

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